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MR. HUGHES

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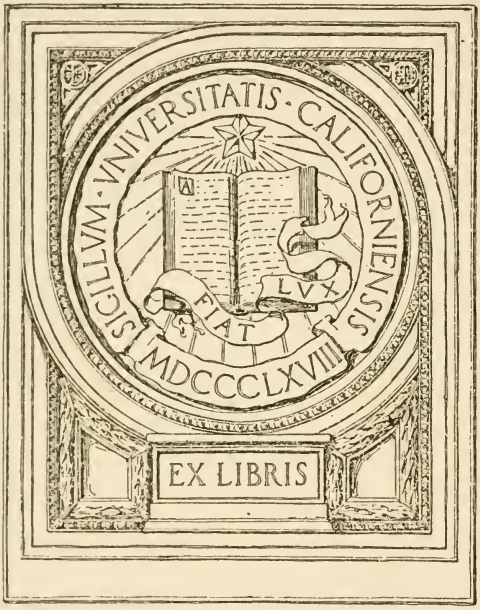

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MR. HUGHES

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THE INTERNATIONAL MAN

By J. A. HOBSON.

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MR. HUGHES

A STUDY

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MR. HUGHES

CHAPTER I

INTRODUCTORY
UPPER-CLASS BOLSHEVISM

AN ugly symptom in the life of present-day England, worth watching in war-time by those who love her, is the mounting proclivity in the capitalist press to overrule policy by setting up a popular stampede. A change in the naval command, as we know, has been effected either as a result of a press campaign or with its help. At the highest tide of the war, over the echoes of battle, we have the clamour of a claque for an "inevitable" autumn election, not because some politicians

believe that a pouting Premier has so resolved, but because certain newspaper proprietors, in consultation with their reporters, have resolved that he shall. Similarly, the watchword "Intern them all!" hurtles over us, not because General Page Croft and his National Party have so decreed, but because two rival capitalistic papers had decided that that was the best "stunt" to raise circulation, and each must outgo the other in volume of bellow.

It evidently never occurs to the operators that these "flaws and startings," should they become a national habit, may be turned against themselves; that the tactic of the stampede, become a recognized mode of political action, may upset the very social fabric upon which they are, so to speak, encrusted. The lurid tale of Bolshevism in Russia has no lesson for them. There, the catchword of "class

war" has availed to bring to chaos a great Empire in the space of a year, with every circumstance of terror and horror that ever marked a revolution. Here, the temper that shakes the pillars of the State has thus far shown itself vigorous, not in the proletariat but in the press that pulls the strings for capitalism. In Britain, Bolshevism, the animal egoism that collectively determines to impose its will on the nation at any risk, is cultivated by the profiteer, who is as ready to wage a war of money interests, in his own fashion, as were the Russian fanatics who wrecked their country to work their will. The Haves and the Have-Nots seem to have at bottom the same political creed: society exists for their aggrandizement.

In England, the sinister interest at work is that of tariffist profiteering, which sees its last but its best chance in an excitation of popular feeling which

may yield the decision vainly striven for through ten years of political debate and electioneering. The instruments of propaganda are press and platform; and the most trusted tool in the latter field, for the time being, is our Australian friend Mr. Hughes, who at an earlier stage of the war indicated his readiness to play the game of British tariffism. It becomes a question whether the old British stability and sanity, which defied a ten years' crusade of clap-trap, will give way now. One hopes that it will not.

It was in the seventeenth century that the Swedish Chancellor Oxenstierna made his celebrated remark to his son on the little wisdom with which the world is governed—a sentiment similarly enounced by his English contemporary Selden, and doubtless by many before Agamemnon. Could the Chancellor be resuscitated in our day, and compare the circumstances of our war with those

of the Thirty Years, he might at least draw some comfort from the fact that the world is never quite so badly governed as many zealous amateurs would manage it if they were permitted. He might read, for instance, the *Morning Post*, where he would daily find the economics of Bedlam preached with a quite Prussian persuasiveness and an almost Bolshevik lucidity. Learning that the journal is owned by a lady of title, who employs otherwise harmless gentlemen to scold those who do not agree with her on fiscal questions, his mind might go back to his difficulties with Christina. Carrying his observations farther afield, he would note other London journals, also owned by persons of rank and title, proposing with similar qualifications and similar confidence to revolutionize in war-time the fiscal policy of Britain, mother of Parliaments and mother of nations, and

counting on being obeyed by the multitude. Realizing that the hubbub of domestic strife thus raised occurred at the topmost crisis of a tremendous war, the reincarnated statesman might plausibly question whether in three centuries the civilized world had grown much less juvenile. That the fiscal policy of a great industrial State should be determined or deflected by the scribbling of vituperative schoolboys, of or over military age, might well strike him as a new confirmation of his old estimate of things. But we could point out to him that, even as of old, the hatching of the chickens is not in the ratio of the cackle over the eggs. The problem of government, now as in seventeenth-century Sweden, is to prevent the fools from getting their own way.

It is none the less a memorable thing that a large section of the English metropolitan press, making the highest

pretensions to patriotism, should have far outgone in faction-mongering, at a time of the utmost need for national unity, every other movement of dissension in the country, that of Sinn Fein in Ireland excepted. There, indeed, there has been sorry work, the old unwisdom and the new blindly grappling. But thus far, despite many a wanton stroke of self-seeking, Britain has remained solidary. Broad-based upon the people's will, her war effort has gone on heightening in power and competence through good and evil fortune, the mood heightening with the menace. British pacifism is in the main but an aberration of men too disturbed by the crash and tragedy of war to think out calmly the dynamics of the case. The real danger to national unity is the waving of firebrands by politicians and pressmen in the interests of fiscal profiteering. If there is ever to be in

Britain a spirit of Bolshevism with the brand of that of Russia, it will have been generated by the upper-class Bolshevism that demands a general election in time of war for the express purpose of imposing a tariff on the return of peace.

In point of sheer defect of common sense, the scribblers of the *Morning Post* are the brethren of the men who led Russia to Brest-Litovsk. In those patrician columns we may read that all persons who are in favour of a League of Nations are on a par with "defeatists," and that this is the prevailing view in the United States in August 1918. Readers will remember that the League of Nations was first systematically and energetically schemed and advocated in the United States, that it was championed by Mr. Taft and blessed by Mr. Wilson. They may further have noted that, despite previous inferences to

the contrary, M. Clemenceau is in declared sympathy with the ideal. Viscount Grey and Mr. Balfour in turn have given it their approval; all that is best in Britain, with whatever apprehensions of difficulty in the realization, looks in that direction for the saving of civilization. But all that is nothing to the vituperative schoolboys of the *Morning Post*, or their aristocratic and other readers. Argument against the ideal being far to seek, it is met by malodorous aspersion, flung at all the Allies alike.

But that is the least of the mischief that the patrician organ contrives to compass. As against the dreams of the pacifists who hope to "divide" Germany by telling the proletariat there that we wish them well, there is a common-sense course of letting the German Government see that it might do well to seek peace soon rather than fight further and fare worse. From first to

last, that Government has traded on the formula that Britain entered the war for the express purpose of wrecking German trade. As Mr. Bevan points out in his book on *The Method in the Madness*, that formula has passed current in Germany as a simple truism. With difficulty did he find two German specialists sufficiently objective in their political way of thinking to point out that the proposition simply could not be true. Now it is this very hallucination that the organ of Lady Bathurst sets itself to justify to the uttermost of its power.

We have its express declaration on August 28th that after the war it must be made impossible for Germany "to begin again" in an industrial any more than in a military sense. The argument is conducted with the convulsive confusion that marks all the polemic of this organ; but at this point, where it is endorsing a platform pronouncement

of Mr. Hughes, the proposition is as clear as it seems possible for its writers to be on anything relating to what they call "the economic side" of the present war. Let the reader try to imagine the probable effect of this pronouncement upon the minds of Germans, whether militarist or anti-militarist. Mr. Bevan tells us that their publicists strove long and indefatigably to discover some printed British utterance which should prove the British intention to go to war at the first good opportunity; and they totally failed to find anything to the purpose later than the notorious *Saturday Review* article of 1897, published under the editorship of Mr. Frank Harris. No British statesman, much less any British party, had ever dreamt of going to war to injure German trade.

Once at war, of course, the suppression of German trade was as inevitably a British purpose as the injuring of

British trade was a German purpose. But it is left for the *Morning Post*, as soon as we seem to come within sight of a victory which will compel Germany to sue for peace, to insist that she shall never have a peace worth any nation's while to accept; and to proclaim for her a fate the simple expectation of which would drive any nation on earth to fight till it was utterly destroyed, hoping only to ruin its enemies as far as might be before it perished.

For our upper-class Bolsheviks this sort of thing is the height of true patriotism. It is to all intents and purposes a policy of forcing the prolongation of the war to the point of the collapse of European civilization. All the while, such is the insight of the oracle, the plan proposed is mere midsummer madness. What the *Post* proposes to do cannot be done. Nobody but a German or a British upper-

class Bolshevik would believe it could be done. There is indeed no reason to believe that Germans are greatly afraid of any policy of Protection on the part of Britain. Some of them are so far superior in economic enlightenment to our tariffists as to know that the best thing Germany could do for herself after the war would be to set up Free Trade as speedily as possible. What they are really afraid of is the withholding from them by the Allies of the *raw materials* that are essential to German industries. But the withholding from them of raw materials is only part of what the *Post* is proposing. That policy would do little for the profiteers, either in Britain or in Australia. The complete policy of the *Post* is a tariff laid on all imports, under the pretence of thereby injuring the trade of Germany—a scheme the merits of which we shall consider later.

None the less, the avowed aim of

preventing Germany from ever recovering industrial prosperity is admirably fitted to play the game of the German militarists. They have only to quote the *Post*, the oracle of the British aristocracy and the British profiteer, to show to the German people that the real aim and object of Britain in this war has been to destroy German trade. Even if the one way in which German trade can be vitally injured is not specified, the avowal of plan and aim is quite sufficient for the German militarist purpose. Just when the German armies are visibly beginning to weaken—having been told that the war would finish this summer whether by success or failure—the *Post* intervenes to give the German Command its text : Britain is determined to ruin Germany for ever, and Germany must fight to the death.

A fortiori, the idea of ruining Germany's trade for ever by with-

holding from her in perpetuity all raw material under the Allies' control is not to be entertained by sane statesmen in the Entente. What they require to be able to dictate to Germany is Disarmament and Reparation. The first is the bitterest extremity that German militarism could endure, short of national subjugation. To bring them to that mood there is required, not only their military overthrow in the present field but a national chance for the future in the shape of continued access to the world's raw material, at first under a sharing control, later freely. That is the one policy that we can rationally entertain. A contrary policy means the extension of the Four or Five Years' War into a Seven Years' War, possibly a Thirty Years' War. To that consummation the propaganda of the *Morning Post* is contributing all that entirely brainless zeal can.

At the time of this writing, the *Post* is at issue with other journals of its tribe as to whether, at the supreme crisis of the war, a general election should be forced on the country in addition to the turmoil of a platform and press propaganda over tariffs for peace-time. The others are informing the Prime Minister that the general election which he is assumed to be planning must be fought on the issue dictated by them. "No holy formula," says one, "will satisfy the electorate." These gentlemen are certainly high authorities on holy formulas. The election, they are determined, shall not be on the simple issue of a fight to a finish; and, indeed, they might truly say that for an election on that issue there is not the slightest occasion. No one but a handful of pacifists proposes to stop fighting until a Disarmament Peace can be dictated. In other words,

there is no decent pretext for an election. We can only have an indecent one, and it is duly proposed : " Imperial Preference and Tariff Reform," the issue upon which the nation was strenuously divided for ten years, through three general elections.

Such is the situation that is being created at home in the late summer of 1918, when the Allied armies are straining towards a death-grapple with the enemy. And it is in this situation that Mr. Hughes, the Prime Minister of the Australian Commonwealth, who ought properly to be attending to its affairs at home, figures by invitation of the profiteering tariffist party in Britain as its special spokesman. It is for the people of Australia to pronounce whether he is theirs, and whether they approve of his taking a vacation in Britain for the express purpose of playing firebrand for the profiteering interests—he, the nominal

representative of Labour and head of a Labour Ministry.

Pending the decision of the Australian democracy as to his political merits, we have to form our own. Scurrilously as he has assailed those who oppose his policy in this country, Mr. Hughes has been allowed the privilege of a guest. In the press, his most irrational deliverances have met with little beyond an ironically courteous deprecation, while the *Morning Post* and its congeners applaud and endorse his invective against those who are not of their and his way of thinking. It is time that the nullity of his counsel should be made plain, lest worse should happen. The fact that he is the instrument of British profiteering interests and, so to speak, the pillar of the *Post*, cannot cancel the necessity for dealing with him on his own merits.

CHAPTER II

THE FUNCTION OF MR. HUGHES

IT was in the second year of the war that Mr. Hughes became a prominent figure on British platforms, winning wide acclaim as an eloquent stimulator of patriotic feeling. Those who thought such stimulation necessary were naturally grateful; and those who had always trusted the national steadfastness could not but applaud the eloquence. Mr. Lloyd George paid it a high tribute. "Read these speeches," he wrote, in his Introduction to a collection of them, "and you will see that the sentences get home, and that their detonating quality is of the highest order." On such a point Mr. Lloyd

George speaks with an authority which few will question. Developing the metaphors of his then Department, the Ministry of Munitions, the panegyrist went on to say that in the orations of Mr. Hughes, "the percentage of 'prematures' and 'blinds' is imperceptibly low." But at this point, readers who would not presume to compete with Mr. George as judges of oratorical detonation, or as experts in the terminology of explosives, may venture to demur.

It may be true, as Mr. George so authoritatively assures us, that "speeches are like shells"; and that, in speech-making, power of popular appeal "is the rarest gift of all." But verbal detonation and power of popular appeal, unfortunately, are not guarantees either of good sense or of true statement. That, also, Mr. George must know. The late Mr. Chamberlain had great power of

the former order, but he failed through a very protracted campaign to convince the British public that he knew what he was talking about when he turned tariffist. And at a later period a good deal of detonation and power of popular appeal were turned against Mr. George by pressmen and politicians who now profess to rate him high.

Granting, then, that Mr. Hughes was an eloquent stimulator of patriotic feeling, by shell-shock or otherwise, we are still bound to consider his counsels on political matters on their merits. This Mr. George will admit; and he will perhaps concede that missiles are not the happiest types of the kind of argument that is to guide national fiscal policy. The figure hints of election eggs.

In one of his speeches, in 1916, it is true, Mr. Hughes claimed attention as an accurate thinker. He was at great pains to demonstrate that the

phrase "Business as usual during the war" could not admit of a literal interpretation. And he was quite right. Business, as it was before the war, clearly could not be carried on during the war, seeing that multitudes of workers had been transferred from ordinary industry to munitions, that export trade to enemy countries was entirely at an end, and that certain materials for manufacture were not available, and so on. It seems reasonable, indeed, to suppose that these very obvious and elementary facts were present to the minds of all who used the phrase, and that they expected it to be understood with the qualification "as far as possible." Still, the phrase was rather detonative, and meant for popular appeal; and it was reassuring, at first sight, to find an eminent popular orator demurring to such a terminological inexactitude. The trouble was that

save at that one point Mr. Hughes's concern for exactitude either of thought or statement was, as Mr. George would say, imperceptible, when he addressed himself to questions of peace policy.

Pressmen in the House of Commons gallery, in the exercise of their high functions, are wont to rank the speakers below—or those of them upon whom they are concerned to bestow attention—in two great classes. They divide them into the two species of "orderly" and "disorderly" minds, not at all with regard to obedience or disobedience to the rules of the House, but with respect to their power of arranging and connecting their thoughts and arguments. A pressman who is obliged to give an account or summary of a speech as a whole is under compulsion to try to understand its drift and logical structure; and the attempt is apt to reveal at times a lack of

coherence. Wild horses will not constrain the present writer to reveal any of the estimates thus professionally put on the mental processes of any of our legislators; but he is under a conviction that Mr. Hughes, were he in the House of Commons, would be speedily graded as a brilliant example of the disorderly mind, from the professional standpoint.

Certainly no publicist of the war period is more entirely independent of any rule of logical progression, any connection between premises and conclusions, when he comes to prescriptions for fiscal policy. Fifteen years ago Mr. Chamberlain was dubbed "the Mad Hatter" on the score of his dialectical procedure. He would demonstrate that foreign manufactures must be kept out of the country in order to secure employment for British labour; and he would then proceed to explain that a

tax of 10 per cent. upon all the manufactures so excluded would yield a revenue of one-tenth of their total value, which could be used to pay Old Age Pensions. Many respectable people could see nothing wrong in the proposition that money could be raised by a tax of 10 per cent. upon nothing.

So, too, when the eminent agitator further explained that taxes upon imports would be "paid by the foreigner," the faith of his adherents was not visibly shaken even when he intimated that, imported bacon being a common food of the working classes, he did not propose to put a tax on it. That the foreigner could always be made to pay, only not on bacon, seemed to the simple soul of the primeval tariffist a perfectly sound proposition. Unfortunately for Mr. Chamberlain, there was a large section of the population not convinced in advance of the blessedness

of taxes on food of any kind, and when hard-hearted Free Traders called for the application of common sense and normal arithmetic to his doctrine, the gaiety of the nation was out of proportion to the conversions.

Hard necessity drove the other missionaries of the cult to more guarded forms of sophistry. Thus in later years it was not uncommon to see the case plausibly, if untruthfully, put, and backed by catching arguments, which required to be analysed and refuted before the facts could be made clear. Mr. Hughes has changed all that. It is his distinction, in his tariffist propaganda, that not one single rational or relevant argument has he ever advanced for the resort to a policy of tariffs in Britain after the war. Now that he has devoted himself anew to the task of beating up support for the old tariff programme in the middle of

the war, at any cost of political strife and national disunion, he follows in the main the simple method of the brickbat—personal attack. If people do not agree with him he is not concerned to argue. Free Traders are become for him so many fiscal Huns: he tells them so and he tells his supporters so, having found that course prescribed in his brief. It is the tariffist notion of the way the case should be fought, and Mr. Hughes has evidently given his hearty assent.

The Australian Premier displays a somewhat touching faith in his power to bully the British people into the way he thinks they should go. He is fully aware that for ten years before the war the British people had shown themselves, by decisive majorities, convinced of the soundness of the policy of Free Trade—a policy of which he now tells us he himself was once a

fanatical supporter. He now takes the strategic course of telling all who adhere to that economic creed that they are "agents of Germany." This, of course, is courageous. But is it really good strategy? Is it not, in fact, a little too Prussian in spirit for British purposes?

It was after an allusion to the policy of "the open door," and to those who point out that this was established in our own interest and not for the sake of other nations, that Mr. Hughes thus expressed himself in his speech of June 27th to the London Chamber of Commerce :—

> It is refreshing to turn from the sickening folly of these doctrinaires, visionaries, agents of Germany—call them what you will—to the robust truth of the German Emil Zimmerman."

If a British politician were to go to Australia on a campaign of vilification against the majority of the Australian people on the score of the fiscal policy

they had seen fit to adopt (to say nothing of their policy as to conscription), he would probably not be very politely received. It is indeed not unlikely that he would be urgently advised either to keep a civil tongue in his head or to return to the scene of his normal political activities. Mr. Hughes, however, has the comforting knowledge that the grossest scurrilities on his part towards the majority of the British people will have the congenial backing of a press of which scurrility is the habitual instrument.

And this assurance he has in a double degree, touring as he does in the service of the tariff-profiteering interests in England. "Political adventurer, platform scold, tariff-monger's tout—call him what you will"—such is the description he so courageously invites by his line of attack. But he knows, for one thing, that patriotic Free Traders, however

disgusted by his insolence, are too much concerned over national unity to take up willingly the gage of platform battle in the midst of the world war; and he knows, further, that he need fear no rebuke from either the organs of the upper-class and profiteering press or the British Government as at present constituted. It is the cue of his faction to identify Free Traders with anti-war pacifists and to seek to whelm them in a common odium. The feudal and the financial press lend a congenial hand; and the War Cabinet, with which Mr. Hughes stands in an official relation and of which he is the official guest, looks tolerantly on.

There cannot be the least doubt that the method of vilification has some advantages. Anything that sounds like the roar of a mob is disquieting to the ears of many decent people; and many more are apt to feel that nothing

should be allowed to distract attention from our momentous war aims. But that, unhappily, is just what Mr. Hughes is doing, and to leave him unanswered is to leave him his maximum scope for mischief. Daily the tares are being sown. Problems that call for the coolest deliberation and the most competent sifting are set before excited audiences, their blood warm and their nerves tense with the ever-new story of the great struggle; and in that mood they are asked for assent to propositions in which rhetoric does the work of reason. The Prime Minister of Australia is generously credited with disinterested motives, and even with an onlooker's power of impartially viewing a domestic dispute. And so tariffism, under the cloak of a political truce, makes a new campaign, as well entitled to the epithets "raging and tearing" as that which began fifteen years ago.

There is nothing for it, then, but to hold Mr. Hughes and his doctrines up to the light of day. He has made unwarranted use of his privileged position to cast infamous aspersions on a mass of British electors considerably more numerous than the entire population of Australia; and he has followed up this attack with a mere mass of incoherent rhetoric that on analysis yields neither information nor argument. The production of such rhetoric, and not any process of rational persuasion, is the special function of Mr. Hughes.

CHAPTER III

MR. HUGHES AT HOME

AS a practical politician Mr. Hughes is known in this country mainly as one who tried to induce the people of Australia to adopt conscription for the war, and as having failed to carry them with him after two strenuous campaigns. Such a fact might suggest inquiry as to whether the methods of persuasion employed by Mr. Hughes on British platforms are those which failed him at home, and whether they entitle him to confidence in either country. The inquiry is rather forcibly stressed by a comment passed on Mr. Hughes by the Australian correspondent of the *Round Table*:—

With all his gifts he lacks the essential quality of leadership—the power to unite men and to make them

trust him. . . . In the personal character and conduct of Mr. Hughes there lies to a great extent the explanation of Australia's failure in the first great crisis of her history to prove equal to the demands made upon her.

But the natural British tendency is to give him the fullest credit for his patriotic intentions, and blame anybody or anything rather than the orator for his miscarriage in leadership where it was his proper function to lead.

There is, however, another side to Mr. Hughes in Australia. There are, indeed, several sides; and if British audiences were familiar with Australian opinion they might be a little more reserved in their attitude. To make a selection of Australian views on the Australian Premier might be both instructive and entertaining; but the process would raise some issues which British Liberals prefer to put aside. Upon one side in particular, however, the British public really ought to have

some information. Mr. Hughes is in this country, above all things, a preacher of tariffist policy and Imperial Preference; and before we come to our conclusions upon those policies we ought to take note of Mr. Hughes's practice as well as of his theory.

On this head a timely report comes from one of the most experienced and respected of Australian politicians, Senator Pulsford, known to students in this country as at once an exact observer and an original thinker in economic matters. To the *Sydney Daily Telegraph* of July 17, 1918, he contributes an article on "Mr. Hughes in England" which throws interesting lights on Mr. Hughes in Australia. For instance:—

> Mr. Hughes, though posing as a tariff authority, is all abroad on that subject. He says it is nonsense for any one to say a tariff in Britain would vastly increase the cost of living. "He could speak authoritatively with regard to Australia. There this lugubrious prophecy found no support." As it happens, it is only a few days since the press of Melbourne

and Sydney were drawing attention to the differences at which sugar—of precisely the same quality—was being sold in New Zealand and Australia. The net price per ton in New Zealand was about £21 10s., and in Australia £27 10s.—or £6 per ton higher in the Commonwealth. There is no sugar-growing industry in New Zealand to which a protective duty can be applied, but there is in Australia, and this is protected by a Customs duty of £6 per ton. The duty is a "live" one, is regularly added to the price, and regularly mopped up by the industry. If any one wishes to study the matter, he had better turn to the report of the Australian Royal Commission on the Sugar Industry of 1912. It says (page 20): "A whole community which prefers to grow its own sugar in its own territory with white labour, rather than purchase from abroad sugar grown by cheap coloured labour, must face the responsibliity of making good the increased cost of production. . . . The Australian community is pledged to . . . in a sense, an annual subsidy to the sugar industry of over £1,000,000 per annum."

Mr. Hughes must know all about this, and also that if he could persuade England to buy her sugar from Australia under a preference of £6 per ton the cost of her sugar would be increased by more than ten millions sterling a year, and all the time there are other products which Australia could produce instead of sugar, and which England could buy at

world value. This one illustration of the actual result of a "live" protective duty explodes the references to Australia made by Mr. Hughes.

Imperial Preference, it will be admitted, takes on new aspects when thus elucidated. A generous spirit may protest: "Let our sugar be dear, in peace as in war, if thereby we can demonstrate our gratitude to Australia for her help"; but, to say nothing here of other perplexing questions which arise in this connection, and will have to be discussed later, there obtrudes itself the chilling reflection that, on any view, it is not "Australia" that would benefit by the arrangement, but only certain sugar-producers in Australia, a very small section of the population, and one not highly popular with the rest, though its members have the good fortune to possess the friendship of Mr. Hughes, and to enjoy his active support in the way of legislation. And that

is only the beginning of our difficulties. Let us listen further to Senator Pulsford.

During the past week the Inter-State Commission has been in Sydney investigating the present high cost of clothing, complaints being many and loud. So far as I have seen, the witnesses have attributed the rise to higher prices of material and of freights. The action of the tariff has apparently been overlooked; certainly, it has not had the prominence that facts require. A little consideration of these facts will help to elucidate the question of the increased cost of living due to a tariff, and will at the same time throw a light, quite a lurid light, on the speeches of Mr. Hughes.

Let me recall the fact that on December 3, 1914, that is, shortly after the war began, the Hughes Government of the day brought in a new tariff, new from end to end, and marked by an increase in very many rates. The new tariff was, by resolution, made operative the same day, but it was never presented for discussion. The duties were collected on the bare resolution well into 1917, when, Parliament being about to be dissolved, a validating Bill was brought in and passed. Under these circumstances the responsibility for the whole of the tariff, including the duties to which I am about to refer, rested peculiarly on Mr. Hughes.

For his British audiences, Mr. Hughes

here puts on a somewhat enigmatic character. Whatever may have been his difficulties about conscription, he appears to have carried all before him in the matter of tariffs. The old reflection, "They do these things better on the Continent," will now have for our tariffists a fresh and poignant application, the Continent in view being Australia. While they have here to conduct protracted campaigns, even with Mr. Hughes as one of their instruments, they see in the highly tariffed Commonwealth a perfected civilization, where a tariff can be imposed by one parliamentary resolution, and levied for three years without even the formality of a Finance Bill, though, when it occurs to the Prime Minister to go through that form, there is still no difficulty, no debate. "No —— nonsense about argument," sighs the British profiteer, chagrined at the contrast.

But the British public, confronted by

that object lesson, will perhaps reflect on the other sides of the case. The Australian application of the principle "Pay, pay, pay!" now made so familiar by war taxes and war prices may gratify the Australian manufacturer and breed new hopes in the British; but the British population, after all, consists mainly of consumers; and when beyond the familiar formula of "10 per cent. *ad valorem*," with which the British tariffist still modestly conjures, there rises the realized vision of Australia's 50 per cent. on articles of clothing, engineered by Mr. Hughes, who can escape searchings of heart? To be sure, Mr. Hughes can hardly expect to do a large British trade in clothes of Australian manufacture; but if we are to follow Mr. Hughes's lead it will go hard if the British manufacturer does not prosper in the manner of his Australian rival. That, no doubt, would satisfy the

British manufacturer, the home market being considerably larger than the Australian. But even the British manufacturer may detect something odd in Mr. Hughes's methods of helping British commerce in his own country; and from the general British point of view they will perhaps appear odder still. If we are to have dear sugar in order to "help Australia," what exactly is the logic of Mr. Hughes's plan of helping Britain by raising prices against British manufactures? Senator Pulsford puts the problem with a somewhat cruel clearness :—

Prior to December 3, 1914, the duty that was being collected on British-made clothing, such as blouses, skirts, women's and children's coats and costumes, was 38½ per cent. on the British cost. This rate could not be called low, nor even moderate, for a general rate, much less as preferential. The tariff brought in on the date named, and since in force, imposed both specific and *ad valorem* duties on the goods in question. Taking the returns for the year ending June 30, 1917, the imports of the articles named from the United Kingdom paid equal to from

44 to 57 per cent. on the British cost, or an average on the whole of about 50 per cent. preference, please remember. These rates include the one-tenth added automatically to the tariff rates by the Customs Act. British makers, it was said, at the end of a season sold their unsold stocks for export at low prices, and Australian makers objected to Australian women having British bargains; hence, with the help of Mr. Hughes, who jumped the duties from 38½ to an average of 50 per cent., up went the Australian manufacturer, and down went the Australian consumer. Now, in 1918, Mr. Hughes is in London, telling the people that it is all "nonsense" about protective duties raising the cost of things.

In these days, perhaps, 50 per cent. may not sound so prohibitive as it once did; and the imperially-minded Briton may comment that if the Australians like to have a 50 per cent. tariff it is their own affair. But the imperially-thinking Briton should remember that 50 per cent. on British goods, in peace or war, must mean that the market for British goods in Australia is reduced to very small

dimensions. And if the duty against non-British imports be still higher, the comfort practically deducible is still not great. It is the Australian and not the British manufacturer who gains by a preferential tariff in which the goods enjoying preference pay 50 per cent.

It is to be feared, in short, that Mr. Hughes's manufacturing friends in Australia smile secretly or otherwise when they find him acclaimed by the *Morning Post* and by miscellaneous British audiences as the commercial friend of the Mother Country. The situation is put with his usual tranquil incisiveness by Senator Pulsford :—

> It is singular and remarkable that, since the war began, in no other part of the Empire has any other Prime Minister raised the tariff rates against British trade as Mr. Hughes has done : nay, more, I doubt if any foreign country has equalled what has been done in Australia by Mr. Hughes. Having made this record in tariff building, Mr. Hughes is now crying aloud to the British people to build themselves tariff walls, higher or lower according

to the country, but ever a wall of some height. After having made this record attack on British trade, Mr. Hughes kindly offers his services as Director-General of British trade policy!

It would tend to take us too far away from our special problem, though it might be not uninteresting, to go into another item of Australian information, to the effect that Mr. Hughes, who here waxes so thunderously eloquent on the imperative necessity of keeping out the German, had in Australia a very much larger percentage of uninterned Germans than were to be found in the long-suffering Mother Country. But perhaps "'twere to consider too curiously to consider so." After all, Mr. Hughes may have seen reason to adopt new views in his sojourn among us. There can be no question that he has in some regards an open mind: we shall find him in 1918 eloquently reversing his own assertions of 1916, and, for that matter, reversing in 1918

his assertions of the week before. In so far as this comes from keeping company with tariffists, whose passion for self-contradiction is so mysteriously persistent, in war as in peace, he perhaps ought even to have our sympathy.

But however versatile or many-sided may be the patriotism of Mr. Hughes, we too owe something to our country. Simple self-interest compels us to have regard to his practice while studying his professions. It is not exactly reassuring. An ancient apologue concerning a fox who had lost his tail obtrudes itself on the embarrassed reader of the dry revelations of Senator Pulsford; and the perplexity is not relieved by the following letter, more recently published, from an Australian politician with some title to speak on Australian matters :—

To the Editor of "The Star."

Sir,—Mr. Hughes's recent speeches in London make painful reading.

He speaks of an alliance or league of English speaking nations. What is the league to do, and will the alliance, as it must, of course, exclude France? What is to be the nature of his tariff—a scientific tariff, having for its object the fostering of the manufacturing industries of Australia, or a tariff subjecting Australian manufacturers to the competition of the United Kingdom, of America, and other English-speaking countries? Is there to be freedom of exchange of the commodities produced by Australian manufacturers working under wages boards and arbitration awards and the commodities produced in the factories and workshops of manufacturers in other parts of the world where there are neither wages boards nor arbitration courts?

He speaks of bounties! Bounties on what? What are the goods on which a bounty is to be paid, and who is to receive the bounty?

He speaks of placing the whole of the organization of trade, commerce, and industry of the Empire in the hands of one man. Who is to be the man, and is he to be a Free Trader or a Protectionist? And is he to organize the manufacture and distribution of Indian goods, produced by Indians receiving a few pence per day, so that said goods shall be allowed to come into Australia at a cheaper rate than goods produced by Belgians or French at so many francs per day?

Mr. Hughes as Prime Minister smashed the Parliamentary Labour Party, and he would wreck the British Empire if he were allowed to lead it for twelve months.

W. G. Higgs,
Ex-Treasurer Commonwealth of Australia.
Parliament House, Melbourne.

As has been recently observed, a profiteer is not without honour save in his own country. A "Returned Soldier," writing from West Australia in comment upon an English description of Mr. Hughes as "a nuisance," remarks that "that is what we think of him over here." All this, of course, is inconclusive as to the merits of the right hon. gentleman's prescriptions for British trade; but it may serve to remind the British public that nothing could be more unwarrantable than to regard Mr. Hughes as speaking here in the name of the Australian people. The Ministers of other Dominions are, indeed, careful to say that in their opinion the people

of the Dominions ought not to seek to influence British fiscal policy. Sir Robert Borden, like Mr. Hughes, is an advocate of Imperial Preference, but he goes about the business in another fashion, according to an official statement recently communicated by him to the press, which incidentally reveals that Mr. Hughes had been somewhat put out by the suggestion that it is not his place as Australian Premier to meddle in British domestic matters :—

Previously to 1917 the British Government declined to accept the principle of preference within the Empire. Last year, however, the following resolution was unanimously accepted by the Imperial War Conference. Its terms had previously been approved by the Imperial War Cabinet :—

"The time has arrived when all possible encouragement should be given to the development of Imperial resources, and especially to making the Empire independent of other countries in respect of food supplies, raw materials, and essential industries.

"With these objects in view this Conference expresses itself in favour of the principle that

each part of the Empire, having due regard to the interests of our Allies, shall give specially favourable treatment and facilities to the produce and manufactures of other parts of the Empire."

This principle had already been adopted, and in large measure carried into effect by the self-governing Dominions. Each Dominion necessarily had regard to its special conditions and to the needs of its population. The methods by which such a policy can be carried out, and the limitations within which it is to have effect, must of course be determined by each Dominion for itself, and from that standpoint.

In giving effect to the resolution of last year the British Government must necessarily take into account the like considerations. Canada has no desire or intention of interfering in any such question of domestic concern in the United Kingdom or of offering advice thereon. This, as I understand, is the attitude of all the Dominions. Mr. Hughes has so expressed himself on behalf of Australia.

In speaking on the subject on July 31 last, I expressed the Canadian view in the identical language which I had used in the Canadian Parliament in explaining the resolution of last year.

My utterances were intended to make the attitude of Canada clear and unmistakable; they were not in the least intended to reflect upon Mr.

Hughes or to controvert any views that he or any one else has enunciated. I explained this to him in a letter on August 1, as soon as I observed that my speech had received a construction which I did not intend or anticipate.

Mr. Hughes might well be upset by the intimation that he did not profess to "offer advice" to the British people about British fiscal policy. "Advice" is perhaps not the precisely appropriate word: "orders" would be a little nearer the mark. But, when all is said, it is our business in turn to scrutinize his precepts. He has had a hospitable hearing, despite his methods. What he has not had, in virtue of his privileged position, is a sufficiency of the straight criticism to which he is no less entitled.

CHAPTER IV

MR. HUGHES'S POLICY FOR BRITAIN

IF it be asked what Mr. Hughes really wants the British Legislature to do in the matter of fiscal policy, the answer must be found, if at all, by way of inference. That he is the courier of the tariffist party is our chief clue. But at every stage of his British propaganda he has been so habitually ambiguous, so little given, save by way of vituperation, to the plain-speaking which he declares to be his aim, that it is only by inference that we can know him to be a tariffist. Constantly, indeed, he declares that the "existing policy" must be abandoned; but what is to be put in its place is never stated.

A business man who went to hear him in the early autumn of 1918 assures the present writer that the speech contained no advocacy of tariffs. Close attention to the harangue, with a desire to know what it was really driving at, revealed an odd deficiency of meaning. Even the eloquence, listened to in a critical mood, was found lacking. The orotundity of phrase which in the newspaper reports seemed so deserving of Mr. Lloyd George's expert praise, was less impressive in delivery: the grand style was not in evidence. And the somewhat disappointed listener asked himself, Was Mr. Hughes hedging?

But ambiguity and declamatory indefiniteness are not new features in Mr. Hughes's oratory when he discusses fiscal policy. If the reader will turn to the speech delivered by the right hon. gentleman at Manchester on May 26, 1916, a speech in which, if anywhere,

a definite statement of policy might have been looked for, he will find instead a singular disproportion of cry to wool. A speech which is *fortissimo* from beginning to end yields not one positive prescription, to say nothing of argument. In the book reprint, it is assiduously headlined throughout; and a simple summary of the sections in their sequence—if sequence it might be called where sequence was none—will give a typical sample of Mr. Hughes's methods. In strict fairness, the summary must aim at indicating the eloquence of the speaker. As Mr. Lloyd George points out, detonation goes a long way in popular appeal. As thus:—

1. The welcome to Manchester of an Australian opposed to the existing fiscal policy might have seemed more wildly improbable than the advent of Macaulay's New Zealander in London.

2. But the war has wrought miracles;

and Manchester has put a tariffist majority in office in its Chamber of Commerce. "We are awakening to the fact that the fires of war do not only scorch the surface of our lives but go down deep to the very roots." We thus discover that economic policy has a close relation to national safety. "I admit of course that this argument [*sic*] will not appeal to those in whom the love of country is extinct." [Free Traders, that is.] But to the man . . . in whose breast the fires of patriotism are not burnt out" everything is now clear, and "he is concerned only with what he must do *in the present*."

3. What Manchester has done to-day England will do to-morrow.

4. "If we do not act soon we shall not be able to act at all."

5. This is a great war. "I have no doubt spoken plainly. . . . But I cannot think that any apology is demanded of a

man who, in the gravest crisis of our history, speaks out of the fullness of his heart."

6. I speak for the overseas Dominions, which are as vitally interested as Britain in the matter.

7. Victory is not yet in sight. "*The economic policy we want must be an effective weapon against our enemy during the war, shortening its duration and making a decisive victory possible. . . .*"

Here we seem to have an explicit proposal, or the promise of one. The new policy is in effect to win the war. But never once, from that day to this, has Mr. Hughes explained what economic policy was to do this, or how any economic policy whatever could conceivably do it. He cannot have meant the rooting out of German "controls" from Australia. That was already done; or, if not, it was the fault of Mr. Hughes. He cannot have

meant the policy of blockade. That too was already in force ; and no one so much as hinted at any change on either hand. The nation was at one on both. What then *did* he mean ? Was it that either the enactment of a general tariff, which should include German goods, or the enactment at once of a special tariff or boycott against the German goods which were absolutely excluded during the war, but might otherwise be expected to come in after the war, would have the effect of bringing Germany to sue for peace ? If he meant anything so simple, not to say simpletonic, why did he not say so ? If not that, what, once more, *did* he mean ?

The schoolboys of the *Morning Post*, we know, were at that time advocating the enactment of a general protective tariff during the war — at once, in fact. Whether they explained, in the fashion of the Mad Hatter, that such

a step would secure victory, and whether Mr. Hughes was dutifully endorsing their thesis, it is really not now worth while to inquire. Suffice it that after this very definite assertion that a new economic policy "must be an effective weapon against our enemy during the war, shortening its duration," there is not in that or any other speech of Mr. Hughes one word to suggest what he wanted done. Thus the harangue evolves :—

8. The new policy "must insure the *fruits* of victory, enable us to deal with *after-war problems*."

9. The present economic policy will not serve "*these* purposes." "For our present economic policy is to leave things alone."

10. "We need not discuss its value in normal times, but only whether it is suited to *our present economic needs*."

11. There must be an end of "*German*

control and influence over our trade and finance." "There must be a change; the question is, how far is the change to go? *My answer is that it must go as far as is necessary* to do those things which will ensure our national and economic salvation."

12. "We must approach the matter in the spirit of business men confronted with a business proposition. *We are confronted with a problem vast, complex, bristling with difficulties, which cannot be solved by any hard-and-fast method.* What will suit one industry will not suit another."

Quite so, and what then? What is the policy to be? For answer, comes more declamation: "We must win the war"—the war which was to be won by the policy which *must* be set up, but which nothing can induce Mr. Hughes to indicate even in outline. Again he has come to the fence; and

again he balks. In place of specification we have a new torrent of rhetoric :—

13. "We cannot hope to conquer unless we organize all our forces and every weapon in our armoury. One of the most effective is the economic weapon. To neglect to use it is not only folly; it is criminal. We can forge an economic spear whose keen point will bury itself deep in the Achilles heel of Germany, and will bring victory in sight by destroying the foundations upon which rests the magnificent structure of German military power. It will prick the bladder of confidence which, blown up by lust of Empire [etc., etc.], now buoys up the German nation, as, with its feet soddened with the blood of millions of its best and bravest," etc. etc.

Once more, then, what *is* the economic weapon? What is the spear that is to pierce the heel and prick the "bladder

of confidence" ? What is the Achilles heel that is also a foundation of military power and at the same time a bladder of confidence. For answer, we have another rant:—

14. "Let Germany once realize that the prize for which she staked all is gone; let her once see plainly that she can never clutch the prize for which she has lost her soul, then, although she rage like a beast into which all the fiends of hell have entered, she is doomed to defeat [*sic*].

"Is there one reason why we should not do this obvious, sensible, and proper thing, which will not lead one man more to death, yet which is more potent than many armies, since it strikes at the heart of Germany, and not all the legions of the enemy can turn it from its course?"

Wonderful, truly, beyond all whooping. And what is it? Again, for answer,

we have a torrent of declamation, concerning which we are fain to ask whether the orator's tongue is all the time in his cheek :—

15. "Faint-heart cries: 'Will not this infuriate the Germans and spur them on to do some desperate and frightful thing?' O ye of little faith! In what spirit do ye make war? . . . What can Germany do that she has not already done, or is now preparing to do? Do you think," etc., etc.

But what is "this" that Faint-heart is alleged to be scared at, though it has never been named, much less described? Had the orator shown something on a screen? There is nothing about it in the speech. There was no "Voice from the gallery" to prompt Mr. Hughes's retort upon his own ninepin. "Faint-heart" was prepared in advance to fill up that

fatal ever-recurring blank in Mr. Hughes's harangue. There was no one in the Manchester hall to cry, "Cut the cackle and come to the 'osses." If there had been, Mr. Hughes would doubtless have withered him with a reference to those in whose bosoms the fires of patriotism have burned out.

Still the torrent of eloquence foams on :—

16. "Do you suggest that we should rather prolong this war?"

Rather than what? In the reconstituted Manchester Chamber of Commerce there was no one to ask the question.

17. "If the sole reason for an economic policy was that it was necessary to win the war, who amongst us would deny its ample justification?"

Who indeed! And what *is* it? "We

must be ready" is the next headline; and some in the audience must by that time have been ready for bed. Mr. Hughes begins to draw to a close:—

18. "Time will not permit me to do more than touch upon one or two of the many aspects of this great matter to-night."

At last? But no:—

19. "Its scope is as wide as that of the nation itself. It affects intimately every . . . Its every phase is of intense interest. . . . Let us very briefly indeed refer to two points."

In the name of an imperilled empire, let us! So then:—

20. "I know you realize that the tide of circumstances is carrying us with ever-increasing swiftness towards the maelstrom of *after-the-war problems!*"

Did no Manchester voice murmur: "Thank God that, unlike the tide of Mr. Hughes's eloquence, it carries us somewhere"? "When Peace is declared," the headliner goes on; and Mr. Hughes, under that head, lucidly explains once more:—

21. "If we would save ourselves, we must act *now*. We must prepare to hold our own. . . . We must prepare to cope. . . . We must make the Empire a place worthy of free men."

At last, within sight of closing time, we get a hint of what may be done *after* the war to pierce the Achilles heel and the foundation and the bladder of confidence:—

22. "We ought not to let it be said that the men who offered up their lives for their country came back to a land where there was no place for them, or where millions struggle on the verge of the abyss of destitution."

Did some one cry, "Ten per cent. *ad valorem*"? Or would the eloquence have rolled on all the same without so much as the naming of the ineffable thing? Three more spurts, and all is over:—

23. "You must create new industries, you must develop those you have already. A comprehensive scheme of organization must cover the whole industrial field. You must summon Science to your aid, walk with her daily, and let her guide your feet by her clear shining light.

24. "And you must use the land of Britain to grow more of the food that Britain consumes.

25. "We must produce more wealth. . . . We must produce more wealth. . . . If we fail, it is the end of all our greatness. . . . There is but one way by which we can be saved. Let us then, without delay, resolve to take it."

Selah. The one way is left to our imagination, disciplined by Mr. Hughes's bracing stream of verbiage. The Manchester man who said: "Mr. Hughes says he speaks from a full heart: he certainly speaks from a full windbag" is not to be gainsaid. What the new Manchester tariffists thought we are not told. Of course we know where they stood. They wanted a universal tariff, with Imperial Preference, and further grades of preference for Allies as against Neutrals, and for Neutrals as against Enemies. Asked how they proposed to conciliate Allies against whom they set up their Imperial Preference, and how they proposed to trade with Neutrals to whom Germany gave most-favoured-nation treatment as against our second-least-favoured treatment, they did not even pretend to have an idea on the subject. "There will be difficulties, no doubt; but surely

those difficulties are not insurmountable." They were Mr. Hughes's "business men, facing a business proposition."

But at least they had a proposition. Mr. Hughes, their guide, philosopher, and friend, had none. If any reader fears that anything material has been left out in the foregoing summary of the speech, let him check it for himself. What is left out is merely more verbiage, more eloquence. Where there is nothing, the summarist can put nothing.

Seeking for an explanation of the performance, we come to this. If Mr. Hughes wanted anything, he wanted a tariff. To save millions from destitution, to make "work for all," was the burden of ten years of tariffist talk, on ten thousand platforms. In 1913–14, before the war, without a tariff, British trade stood at the highest level it had ever reached; manufacturers, with orders booked eighteen months ahead, were

refusing to book more; and the figures of "unemployment" were at the minimum that goes with the fullest employment, as in Australia, in America, in Germany. In an oblivious moment, Mr. Hughes himself had said in a dining-room at the House of Commons, on March 9th, two months before the Manchester speech:—

"Viewed from the outside, all seemed very well indeed with us [in Australia], *as it was with you.* But when war broke out, it was seen we had been living in a fool's paradise."

The last cryptic sentence, the theme of many more of Mr. Hughes's orations, points to one of the bees in his bonnet, of which more hereafter. The point is that he admits the economic prosperity which at Manchester he in effect denied to have existed. The simple solution is that a tariffist *must* allege economic depression wherever there is Free Trade;

and at Manchester Mr. Hughes was appealing to tariffists. Why, then, did he not plainly propose a tariff?

Time, as he would say, permits us only to indicate two points. First, he had committed himself to the delirious doctrine that the "new policy" would shorten the war, and pierce the Achilles heel of Germany, and let her see that she was doomed to defeat, and must surrender, and whatso else the Muse of Mr. Hughes could forecast. And to tell even the new tariffists of Manchester that the immediate enactment of a tariff would shorten the war was a flight of folly upon which even Mr. Hughes could not venture. The new policy, therefore, must be left unnamed, undefined, an unspeakable mystery. Secondly, it is one thing to call for a tariff without naming it, and another to go into details. Imperial Preference sugar from Australia

at Australian prices, Imperial wine from Australia under a preference over French and Italian wines, Imperial wheat and meat from Australia and Canada at a preference over wheat and meat from Russia or the Argentine or the United States—these are not good texts even for an orator of the detonative faculty of Mr. Hughes. They would point straight to Australian complaints over a 50 per cent. tariff on British-made clothing; and to tell the British railwayman that work was to be found for him after the war by raising the peace price of his bread and his meat was a proposition not to be made plausible, even in war-time, by all Mr. Hughes's eloquence. The tongue in the cheek, for a permanency, interferes too much with oratorical effect.

The orator's fiasco, then, is intelligible. But it remains a fiasco for any one who can distinguish between

rodomontade and reason. Mr. Hughes's business was to beat a drum, which, after the nature of drums, was empty. The detonation, doubtless, was great: let us not dispute Mr. Lloyd George's expert estimate, or raise any question about the "prematures" and the "blinds." To the lay mind, indeed, these terms would seem to describe with singular felicity the alternations of grandiose demands, wild predictions, and impotent retreats which constitute the oration that we have just examined, considered as an appeal to men's judgment and a lead to national action. But Mr. Lloyd George, of course, was not thinking of appeals to judgment or rational schemes of action when he discoursed on "detonation" and "popular appeal." So that what reveals itself to critical examination as a display of sheer charlatanism may be quite justly applauded by Mr. Lloyd George

as an oratorical exercise, though the combination seems unfortunate.

What is here proposed, and what appears to be required in the national interest, is to leave Mr. Lloyd George to bestow the oratorical laurels as his skilled judgment sees fit, and to examine Mr. Hughes's policy as such. As he contends, we must look to our present needs. Posterity, doubtless, will cherish his eloquence and delight in his periods. Our more pressing concern is to inquire what he wants us to do, and why. What has so far been revealed is that in a strenuous harangue, delivered on an occasion which called for a clear and firm declaration of policy, Mr. Hughes professed to have an economic policy which would win the war; insisted, as he well might, that such a policy should be at once adopted, and for the rest specified no concrete policy whatever, but left his

audience bound to draw the inference that he believed the enemy could be reduced to despair, and the war be shortened, by the immediate enactment of a British tariff, with Imperial Preference.

That was in 1916. The policy, whatever it was, has not yet been adopted, Mr. Lloyd George being apparently satisfied with the detonation. But if Mr. Hughes be in the slightest degree worth listening to, the refusal of his panegyrist to act on his counsel is responsible for the prolongation of the war. If there is any other lesson to be drawn, perhaps Mr. Lloyd George can explain.

CHAPTER V

MR. HUGHES'S SECOND ADVENT

IF immediate economic action could have shortened the war in 1916, it can hardly be less imperative in 1918, when the war bill, to say nothing of anything else, has so notably lengthened. Upon his return to the British scene, however, Mr. Hughes appears to have no solicitude on that head. In something like a score of orations addressed to hospitable audiences, he has not once in the summer of 1918 suggested that any policy he has in view can pierce the Achilles heel and prick the bladder of confidence which is the foundation of the German military power. In two years, in short, Mr.

Hughes has either acquired some common-sense, or has realized that other people set some store by it.

So far from proposing to shorten the war by fiscal legislation, he now realizes that one need of the moment is to point out the folly of those who propose to shorten the war by an immediate resort to negotiations, the outcome of which could only be to restore the *status quo*, leaving the German military machine unbroken, and so throwing Europe back into a mere state of desperate preparation for the next war, with all the burdens of the present one hung round the necks of the Allies.

True, Mr. Hughes does not see the problem in that light. What he fears is only the renewed industrial competition of Germany, which in his opinion will destroy British industry unless it be protected at once by tariffs and by a continued withholding of raw

materials from Germany. For the real danger he has no eyes. He tells the workers that a patched-up peace will mean unemployment for them; when the true warning would have been that with the military system of Germany unbroken, Britain and her Allies must in self-preservation maintain the present systems of conscription, and, at enormous cost, a vast military machinery, under which conditions economic recuperation will be simply impossible. Still, it is a comfort to find Mr. Hughes seeing anything; and it is something to the good that he repels the appeal for an immediate "peace by negotiation" instead of outbidding it, on his old lines, by a charlatan undertaking to win the war by a war tariff.

The trouble is that he has still no comprehension of the economic problem upon which he is perpetually declaiming. His cue is still to stampede public

opinion in favour of tariffism, but still without talking of tariffs. Formerly the tactic was to set up a blind excitement about somehow winning the war by striking fiscal despair into the German soul — or heel — or bladder of confidence. No one could dream how it was to be done; but the Mad Hatter had never relied on intelligent comprehension for acceptance of his proposals. The method of persuasion was to get people into a passion against "the foreigner," and in that mood to vote as they were told. Did any one object that tariffs could not help trade, the Hatter hissed "Shibboleth!" giving to Holy Writ, at that point, an application new in English rhetoric. Mr. Hughes has learned to shout "Shibboleth!" with all the required facility; he uses that "economic weapon" with zeal; and he faithfully follows the Hatter's tactics.

Now that the formula of "shorten-

ing the war" cannot be employed without reflecting seriously on the supineness of Mr. Bonar Law, the operation of the stampede must be varied. There is the old tune of "millions on the brink of starvation," upon which Mr. Hughes plays with his customary eloquence. With the word "millions" he rivals any effect ever produced by "that blessed word Mesopotamia." Recently he has told us that before the war we had a million tramps and unemployables, also millions living on the brink of the abyss of destitution, and further millions who never knew on one day whether they would have any work on the next. We have the authority of Mr. Hughes (who in 1916 avowed, as he well might, that we had been highly prosperous before the war), for replying that this is an eloquent fiction. Even this summer, in his oblivious

way, he has told us that before the war we had been "choked in the ashes of prosperity."

It might be supposed that you could not have it both ways, even in an oration; but Mr. Hughes must have it both ways. The two terms of the contradiction are his two tunes wherewith to stampede the British multitude; and if you say that the words contradict each other, the answer is "Shibboleth!" The "million" tune is to convince the people that without a tariff there will be no work for them when the war is over. Cavilling Free Traders may point out that the million tramps of Mr. Hughes's imagination existed before the war, not in Britain but in the highly tariffed United States, and that there was a fair sprinkling of them in Australia. The answer is "Shibboleth!" And if the unconvinced Free Trader adds that every great trade

depression in Britain in modern times has been a result of a greater trade depression in the United States, why, "Shibboleth!"

Objections being thus disposed of, Mr. Hughes turns to his second tune, which is "German Domination of Trade," otherwise "Germany's Peaceful Penetration." This tune, he may fairly claim, is his very own. It was with it that he made his most thrilling effects in 1916. The "Fool's Paradise," otherwise our Pompeian "ashes of prosperity," as pictured by him in many a fluent period, consisted in a mysterious process by which all our trade expansion—the expansion for which the Mad Hatter had craved, and which took place under Free Trade while he was appealing for its abandonment — somehow redounded solely to the aggrandizement of Germany. Our accumulating wealth was really hers, as was that of other countries who repudiated the "Shibboleth" of Free

Trade. Thus is the idea expounded in his speech of June 27, 1918, to the London Chamber of Commerce :—

That but for this war Germany, her ambition inflated by the success of her policy of peaceful penetration, would have almost completely destroyed our trade and reduced us, as well as most of our Allies, to a state of economic vassalage is not less true, though some few amongst us for one reason or another deny it. Two things are necessary in order that we or any nation may hold our own in the national and economic sphere. One that we may be able to defend ourselves from enemies, the other that we may be able to produce wealth, utilize and develop our economic resources of labour, land, and capital, in such a way that employment of labour and capital shall be plentiful and profitable, and the country support a numerous, virile, and happy people. But these two essentials to national safety and economic welfare, which are so intimately related that any policy which does not regard them as absolutely inseparable is doomed sooner or later to destroy the nation which adopts it, were treated by Britain previously as though they were separate entities. Britain is a great manufacturing country. Now success as a manu-

facturing nation depends upon many things, but clearly without a sufficient supply of raw materials, and, of course, control over the sources from which these raw materials come, and command or at least advantage in the home markets, no nation can hope to maintain her position against foreign competition. And it is perfectly clear that no Empire, no nation, can stand that does not make adequate preparation to defend herself against aggression, and, of course, the national and economic welfare, safety, and development of a country must rest upon organization, national, though not necessarily what is termed socialistic in character, stretching web-like into every part of the national and economic spheres. Germany had such a policy, and under it her progress, national and economic, was phenomenal. Britain's policy, except so far as naval defence was concerned, was vague and formless, a policy of negation, of *laissez-faire.*

The passage might be usefully set as a subject for précis-writing in Civil Service examinations ; and any aspirant who could extract from it a coherent chain of reasoning would be entitled to high marks. As it stands, it appears to

assert that Germany made phenomenal progress by peaceful penetration, while we, making phenomenal progress by Free Trade, were being rapidly reduced, with all the other nations who were making their progress under tariffs, to economic vassalage; yet, strange to say, at the very threshold of that consummation, Germany decided to go to war to get a place in the sun, and dominate her vassals by the expensive process of war. The moral, finally, appears to be that if we will only give up what Mr. Hughes calls *laissez-faire*, by which he may be understood to mean Free Trade, we in turn may reduce everybody, Germany included, to economic vassalage, with the happy hope of going to war with the world at the proper moment to make the vassalage complete.

If there is anything else in the theorem, perhaps the *Morning Post* will explain. Meantime, those of us who

cling to the antiquated notion that economic policy must be founded on common sense can but say that Mr. Hughes has attained to what seemed the impossible, by talking more hopeless nonsense than he did at Manchester in 1916. When, in due course, he replies "Shibboleth!" we can but rejoin that he exhibits himself to us as an economic ignoramus, uttering much sound and fury that signifies nothing. The account he gives of German peaceful penetration compassing the economic vassalage of the civilized world is a midsummer night's dream. The outcome of the commercial evolution from which he extracts his hallucination was that Free-trading Britain entered on this war with economic resources which have enabled her to finance all her European Allies as well as herself, and to raise an enormous revenue by taxation, whereas Germany, lord of the economic world in

Mr. Hughes's fantasy, dared hardly raise a tax lest her social system should crumble. And whereas blind Britain had merely prepared an overwhelming Navy by way of precaution—a trifling exception to which Mr. Hughes apparently attaches no importance—she was somehow able by that means to drive all German commerce from the seas, to cut off German oversea supplies, to feed herself by imported food while Germany killed her pigs to save fodder, and to bring over in 1918 the bulk of the great reinforcement supplied by the United States.

Such are the historic and economic facts. "Shibboleth!" being duly hissed by way of refutation, we proceed to ask what shred of rational connection there is between the doctrine that we must protect our own markets—that is, set up a general tariff—and that vision of German economic domination? If all the States of the world,

with their markets protected by tariffs, were being dominated no less than we, what is the use of tariffs? Avowedly, they can do nothing to avert economic vassalage. According to Mr. Hughes, any other State can repeat Germany's procedure, whatever it was; and we shall then have economic vassalage with the tariffist accompaniments of dear food and dear clothing—the food, perhaps, coming from Australia, but dear all the same. And still we may be made vassals, perchance by the Japanese. What availed their tariffs to France and the United States if they, too, "choked by the ashes of prosperity," living in the Paradise of Fools, were already becoming vassals to Germany, albeit without giving any comfort to Germany thereby?

At the back of Mr. Hughes's mind, or of his vocabulary, there would appear to be two ideas on the subject. One

is apparently that vassalage to Germany may be in part averted by excluding Germans from our country, or from any commercial functions in it; the other, if we can draw any inference from his many allusions to raw material, is that we can "hold our own" by refusing to let Germany have any raw material we possess. On those heads it falls to be observed, first, that we seem to have interned our Germans more successfully than Mr. Hughes did his in Australia; and that in any case the complete expulsion of Germans from any country will avail nothing, on Mr. Hughes's own showing, to prevent our being made vassals by any other nation. We shall have to exclude every alien, including our Allies of the United States. Nay, having regard to Mr. Hughes's fiscal policy at home, what security can we have that we shall not be made vassals by Australia? Is

not Mr. Hughes himself something of an adept at peaceful penetration—peaceful, at least, save as regards his attitude to Free Traders?

It is really very unfortunate. If we believe the doctrines of Mr. Hughes we shall have to expel him after the war. If we do not believe him, on the other hand, what is to induce us to offer him a continuation of hospitality? Meanwhile, his unintelligible eloquence may be a fatal snare. Legend has it that Troy was ruined by hospitably abstaining from looking a gift horse in the mouth; and Mr. Hughes, whose mouth is his strong point, will be the last to deny that if *laissez-faire* was on the verge of ruining us before the war, we cannot be too careful as to what shibboleths we take up with in future.

So we must stubbornly persist in demanding to know what he is driving at in those obfuscated orations. And

first, leaving for separate dissection his mystic doctrine of German domination and his ostensible doctrine about raw materials, we want to know what earthly connection there is between them and the doctrine of a general tariff which his backers believe him to be backing, but which his listeners at times fail to discover in his harangues. When he talks of the "open door" he might be supposed to mean Free Trade, in the sense of free imports. That is how tariffists commonly interpret the phrase. But Mr. Hughes, who has been going in lately for German tuition on the subject, in the very act of using the phrase in its normal sense, accepts for it also a German interpretation which, combining German nonsense with his own, leaves the matter in an artificial fog worthy of the German genius in that line.

It is the same, indeed, with his "economic vassalage." In the speech

above cited, in the act of explaining that economic vassalage was what Germany was compassing everywhere by peaceful penetration, he makes it mean conquest :—

> In the face of the Brest-Litovsk and Roumanian treaties, which have reduced Russia and Roumania to economic vassalage, in the face of the German economic domination existing in this and almost every other of the Allied and neutral countries before the war, there are still people in this country who advocate the policy of the open door, and see, or pretend to see, in any departure from it national disaster.

Having thus brilliantly identified the military conquest of Russia and Roumania with peaceful penetration, and the pacifist appeal for immediate peace by negotiation with the proposition that Free Trade is a better policy than Tariffism, Mr. Hughes proceeds to his celebrated description of the Free Traders :—

> It is refreshing to turn from the sickening folly of these doctrinaires, visionaries, agents of Germany,

call them by what name you will, to the robust truth of the German Emil Zimmermann. He shows that the short-sightedness of Britain was responsible for the rise of Germany; that the economic position arising from that policy was directly responsible for the war.

The gloves being thus gracefully removed by Mr. Hughes, we may in the same disencumbered fashion proceed to deal with him and his German tutor, whose mouthpiece he makes himself. The very pronouncement of Herr Zimmermann which so appeals to his cast of mind is the explicit stultification of his plea. Thus it runs, as he quotes it :—

Our rise depended essentially on the English policy of the open door. We were sojourners in England's house, paying guests of the Anglo-Saxons. The secret of our success lies, apart from our organization and the training of our working classes, in the fact that England and the countries which are the great producers of raw materials granted us an open door, allowed us to draw on their vast reservoirs of raw materials.

If this permission is withdrawn, we shall be at one stroke once more the Germany of 1880.

When Mr. Hughes speaks of "the open door," he must be held to mean the British policy of free imports; since it is the proposed maintenance of this that he vilifies as "sickening folly." The allegation is that our system of free imports has enabled the Germans to "dominate" our trade.

At the same time, be it once more observed, Mr. Hughes alleges that the Germans had equally "dominated" the trade of all other countries in general. That is to say, in the terms of the case, Free Trade had nothing to do with it. The tariffed countries, according to Mr. Hughes, have suffered exactly as the Free Trade country is alleged to have suffered. Thus in the very head and front of his attack Mr. Hughes reveals the "sickening folly" of his own position. But that is by

the way. The immediate issue is the "robust truth" of Herr Zimmermann.

For that robust Prussian, "the open door" avowedly means, not British free imports, but the free export of raw material from the British Empire. Australia included. Now, it is quite true that German trade depended largely on raw materials from other countries, the British Empire included. In exactly the same way, other countries depended, though in less degree, on the raw materials they imported from Germany, which sold coal and raw materials freely wherever it was profitable to do so. The folly of Herr Zimmermann consists in describing this general trade in raw materials as the special result of the British "open door" to imports.

But Mr. Hughes outdoes the folly of his Prussian guide by asserting in effect that "the open door" actually *is* a policy of selling raw materials. Accord-

ing to his argument, free imports and free exports mean the same thing! Thus deep answereth unto deep. The exploit of Mr. Hughes is to adopt a gross German blunder, double it, and present the result to the British public as "robust truth."

Leaving Mr. Lloyd George, if necessary, to certificate the eloquence, the plain man, applying Mr. Hughes's principle of plain speaking, must pronounce that Mr. Hughes on his own bottom is bad enough, but that Mr. Hughes enlightened by Herr Zimmermann, and through him attempting to enlighten us, is qualified to inflict the nausea he professes to suffer from reminiscence of the language of Free Traders.

It is interesting to learn on his own authority, in that connection, that he had once

> been amongst the most stalwart, most devoted, and most fanatical of the priests of the temple

of Free Trade; but time has passed, water has flowed under the bridges, the war has come, and circumstances have planted me in an environment in which I cannot wilfully shut my eyes to the light. I cannot stand fast to a shibboleth and be true to my country.

It is indeed chastening to Free Traders to know that Mr. Hughes was once one of them. At what stage of his career he affected their company he has not told us; and the implicit suggestion that he was a Free Trader up to the time of the war is a very palpable fable, the vending of which, on his part, is hardly judicious. But we can conceive how, while a Free Trader, he comported himself. Fanatical he must have been; for in his equipment critical reason has no place. Incapable of coherence, independent of facts, constantly substituting aspersion for argument, he would alternately make sport for the Philistines and set reasonable

men wondering whether a faith thus preached could be really sound. In his hands, every doctrine is in his sense a shibboleth, for none is held on rational grounds. He would be one of those who in old days at times made even Free Trade economists, like Fawcett and Marshall, impatient at times of their company. Since then Free Traders happily have had the discipline of a ten years' conflict in which Tariffism put forth its utmost strength ; and in such a struggle they have been relieved of their Hugheses.

The present Prime Minister of Australia, presumably, is one of those politicians who, after being Free Traders in the Mother Country in the simple and sufficient interest of their own pockets, found in Australia that tariffs were popular with the artisan as a means of raising wages at the expense of everybody else, and promptly decided to follow the jumping cat. He was, as

he would say, a business man facing a business proposition. And if he became interested in the business of Australian sugar-raising, or in the clothing industry, or another, he doubtless made tariffs pay him, though his handling of Australian shipping during the war has not reflected lustre on his reputation for business in other directions.

All this may or may not endear him in Australia: it is for Australians to say; but it is for us, attending to our own business, to inquire what capacity he has to guide the policy of a great industrial nation which under Free Trade has become the greatest financial Power and the mightiest maritime Power in Europe, in the face of that "peaceful penetration" by tariffed Germany which, in the opinion of Mr. Hughes, was reducing to economic vassalage the entire tariffed world.

CHAPTER VI

MR. HUGHES'S HALLUCINATION

RETURNING to our wider economic investigation, from which Mr. Hughes's political reminiscences have momentarily diverted us, we may usefully clear our minds, once for all, on the subject of that "German domination" which furnishes one of the most resonant strings in the lyre of his eloquence. Mr. Hughes, of course, does not attempt to explain how the domination dominated. The lyre is not an instrument of explanation. But less eloquent people have attuned themselves to his key, and have striven hard to put in really plain words what they understand by the phrase. The dialectic

of Mr. Hughes, however, is infectious, and the explanation has never got beyond the assurance that "domination" means "control." If you ask what is meant by control, you learn that it is domination. Such is the lucidity of certain "business men facing a business proposition."

Two commercial facts, indeed, are adduced in support of the formula of "German control." One is that men of German nationality or German descent were largely interested before the war in the trade in non-ferrous metals,[1] alike in Britain and in the United States. The other is that certain Australian ores, important in the manufac-

[1] A libel action against Mr. Hughes is understood to be pending at the instance of a firm to which he frequently refers in disparaging terms. Such comment on a case *sub judice* appears to be permitted to a member of the "Imperial Cabinet." As it is not permitted to other British subjects, the matter is here necessarily ignored.

ture of munitions, had come under German ownership. Such may be taken to be the facts. Those who harp on them, of course, do not mention the further fact that the German ownership of the Australian mines in question came about because business enterprise in Australia and in Britain was not equal, or was indisposed, to the undertaking of handling the ores. It may well have been that the undertaking was regarded as unprofitable, British men of business being often willing to leave such undertakings to Germans or anybody else who fancied them. German money, it may be further mentioned, has often been lost in such enterprises.

However that may be, the German enterprise in this particular case availed nothing to Germany when war was declared. Neither ores nor anything else went, or could go, from any part of the British Empire to Germany.

All the available ores required were confiscated; and British enterprise had to undertake the rejected task of smelting them. What harm, then, had the peaceful penetration of Germany in Australia done to the British Empire; and, above all, what good had it done to Germany for the purposes of the war?

Mr. Hughes, in his speech at the Mansion House on August 15th, delivered a declamation about German bullets made of Australian lead; which meant, if it meant anything, that but for that Australian lead Germany would have lacked bullets. Incredible as it may seem, some of his audience would seem to have believed him. Saner people know that lead was procurable by any State in European and other markets before the Australian ores were exploited, and that the Australian supply was simply an addition to the general

supply, marketed in the same way. German enterprise had simply set on foot a production in Australia of certain ores which tariffed Australia was not enterprising enough to work, but which Mr. Hughes had then no objection to letting Germans work; and we thus were able to use them in war against Germany. *Cui bono?*

The dreaders of domination answer by asking what might have happened later on, if the war had been delayed and German exploitation of the ores had continued. This is puzzling. Mr. Hughes and his confederates are always telling us that we were utterly unprepared for the war—except, to be sure, in that small matter of the Navy. But now they appear to be arguing that penetrative and preparative Germany went to war just when she ought not to have done, just when she had made everything more or less handy

for Britain in the matter of these ores. What are we to make of it all ?

Let us go farther, then, and suppose that Germany had been more intelligent, and had postponed war till her men of business had got an adequate supply of those indispensable ores. What would have happened then ? The unsophisticated men of business who grapple with these speculative questions appear to take for granted that the German men of business would ruthlessly have accumulated the ores and their products in Germany, refusing to let the rest of the world buy any. Our men of business really ought to know better. The German men of business would have done nothing of the kind. They would have sold those ores, or the resulting metals, wherever they could have had a profit. They had, in fact, actually done so already.

As there are professed men of busi-

ness who appear implicitly to deny these things, it becomes necessary to administer to them a few elementary truths in regard to international trade. Before the war, German capitalists in the munition business, so far from trying to withhold munitions of any kind from the rest of the world, were zealously selling munitions to any nation that cared to buy them. This fact is known to all men of business whose business lay even remotely in that direction. If the unsophisticated reader is incredulous, let him turn to the English translation of the *Diary of Herr Mühlon*, late of Krupp's, and he will learn that when the war broke out Krupp's and other German houses had on hand many large munition orders for other States; and that the German Government promptly appropriated all the articles made or in process of making to fulfil those orders—this while the German press,

with an eloquence rivalling even that of Mr. Hughes, was fervidly denouncing the baseness of the British Government in appropriating to its own uses the battleships which had just been constructed in a British shipyard for the Government of Turkey.

Nay, more. Herr Mühlon's *Diary* discloses the interesting fact that Krupp's had made to the order of the Belgian Government a number of great guns for the defence of Antwerp. They had actually been ready eighteen months before the war broke out, and Krupp's had during that period been begging the Belgian Government to take delivery. That Government, explaining that the fortifications of Antwerp were not sufficiently advanced for the placement of the guns, met the demand for acceptance of them by offering to make an extra payment for storage.

All this, as Herr Mühlon justly ob-

serves, is a sufficient exposure of the impudent falsehood of the later pretence of the German Government that Belgium had been preparing to take sides against Germany. But it is an exposure of something else—of the ethics of tariffist munition-makers, of the course of tariffed trade. It is not British Free Traders, slaves of *laissez-faire*, who thus manufacture weapons for any possible enemy. It is tariffists; even as it is tariffists who use the tariffs they set up to make things dear for their own countrymen, while they sell the same things cheap to other nations. The heads of the British shipyards who built those battleships for Turkey are not Free Traders: they are tariffists. There is nothing either German or British in the matter: it is all in the ordinary way of trade, tariffed or untariffed. Mr. Hughes knows how they manage things in Australia.

Of course Mr. Hughes played his loyal part in preventing the Germans from getting their ores when war broke out. It is a comfort to think of him as doing something useful, and a pleasure to acknowledge it. But is there any record of Mr. Hughes having ever protested against the German purchase of those mines in Australia in time of peace? Mr. Hughes never dreamt of such a thing. Like Krupp's, in peace time he was a business man in facing such business propositions. After war broke out—at least as early as 1916—he discovered that it was an abominable humiliation for Britons to have Germans "controlling," that is to say buying and exploiting, Australian ores. But the very fact that he had not discovered it before is one of the things that tend to discount, for plain people over here, the detonations of Mr. Hughes's eloquence, and all the music of his lyre.

What he did or permitted without a murmur, in the past, is what he now describes as something infamous. How, then, can he excuse himself?

Then as to the German "control" of other non-ferrous metals in respect of the famous Metall-Gesellschaft: did it avail anything for Germany in the war, or anything against Britain? What meaning has the word "control" in this connection? It is merely a term to hypnotize the ignorant. With the alleged German "control" in operation, Britain bought copper and other metals as she required in the United States; and Germany utterly failed to get what she required. Mr. Hughes and his confederates pay themselves with words. A so-called "control" in commerce, in time of peace, means merely that a particular country or corporation, dealing specially in a particular product, plays a main part in fixing prices and rates:

that is all. The so-called "control" does not mean that in the country where it nominally centres the article sells at prices below those at which it is sold elsewhere. It does not mean a monopoly of the use of the article. No such "control" has ever existed, or will ever exist, in international trade. And in time if war there is in that sense no control at all.

It is truly astonishing that it should be necessary to point out such facts to professed men of business, who might be expected to know, what their office-boys know, that the fixing of cotton prices in Liverpool does not mean in any other sense a Liverpool "control" of the cotton of the world. In peace-time London was the "financial centre" of the world, and so might be described as "controlling" European finance in particular. That did not prevent Germany from selling scrip and buying

gold when her Government was "preparing" for war.

The one kind of German control that in the past has worked mischief in Britain is to be looked for in another direction. It is the control that German example has exercised over weak British heads in the matter of fiscal policy. For Germany is, in simple fact, the "intellectual home" of latter-day British tariffism. It was to her shining example that they always pointed in support of their doctrine. It was there that they sent their "tariff-trippers" to pick up, without the slightest knowledge of the German language, an idea of the conditions of life in Germany. It was they, and not Lord Haldane, who boomed German "Kultur." And now, when German Kultur has brought about the World War, it is to the same model that they still point us for our fiscal policy. And it is from Herr Zimmer-

mann that Mr. Hughes confidently derives his theory of the economic causation of German prosperity before the war. He has natural affinities to that kind of German thought.

Under these circumstances, there is a certain flavour of farce in the tariffist profession of a burning zeal to expel all German influences. Haply, British common-sense will do what is required without the help of Mr. Hughes, who is so responsive to the economic tutelage of Herr Zimmermann. When peace returns, for which Mr. Hughes, touching another string in his lyre, so iteratively assures us that we are unprepared, we may prove equal to the task of competing with the Germany whose commercial preparations for war achieved so remarkably little for her commerce.

We are warned, indeed, that she will resort to new devices of peaceful penetration. Perhaps, then, she may pur-

chase a London newspaper, and endeavour to stampede the London population into demanding a tariff policy which would drive all the Neutrals into the arms of Germany. It would be worth her while, perhaps. But after all, need she? The *Morning Post* is doing that for her now. Supposing, by way of another midsummer night's dream, that Germans actually "controlled" the *Post*, as they are supposed to have once upon a time controlled the *Saturday Review*, could they make it talk worse fustian than it patriotically does at present? Even Germans may learn, after this war, that it is sometimes well to leave well alone; and they will probably find more practical uses for what money they have left.

CHAPTER VII

MR. HUGHES'S SHORT WAY WITH RAW MATERIALS

IF we understand Mr. Hughes aright (assuming that anybody could), he has an idea that after the war any raw materials produced in the British Empire that are useful to British industry shall be withheld not only from Germany but from every other State. He expressed himself to that effect, in his speech to the London Chamber of Commerce on June 27th, about as clearly as he is capable of putting any proposal in regard to policy, which, of course, is not saying much. A turgid fervour, in which smoke is even more in evidence than heat, marks that as

it does every other oration of his. Still, this must mean something:—

In our Dominions practically the whole of the raw materials necessary to our industries are to be found. I am glad to say that preparations have been made for some of these raw materials to be conserved for the manufactures of Great Britain, and other negotiations are in progress. But time flies, and what has been done is nothing as to what has to be done. It cannot be done by committees, it must be done by a man. There must be a policy declared, and some man must have charge of this policy to give effect to it. We can do nothing in the Dominions of a permanent and effective kind until you declare your policy. Upon your policy ours is to be established. If Imperialism is to be something more than an aim we must have action, and a definite declaration of what you intend to do—a step from which there cannot be and will not be any drawing back. The policy of England must be known: it should be declared from the housetops. Germany does not hesitate to do so. She has formulated her policy with Austria. Let us do the same.

The political aim, at least, is comparatively clear. Mr. Hughes seeks to stam-

pede Mr. Lloyd George and Mr. Bonar Law into some declaration of "policy" which shall serve his purpose; and in his character of dictator-maker he proposes a novelty in British legislation, a laying down of a policy to which posterity will be committed in perpetuity. As they do not do these things even in Australia, Mr. Hughes must have felt he was planning a rather difficult course for Britain; and it was doubtless with this in his mind that he called for the entrusting of the undefined policy to "a man" who will have nothing to do with "Committees" or any other hampering collaboration. It is quite interesting to note the lengths to which the whilom leader of a Labour Party is prepared to go in proposing the subversion of representative government and the establishment of the principle of dictatorship.

As even Mr. Hughes's most zealous

British backers will probably decline to carry out his revolutionary plans of this order, we may here put them aside without further discussion, leaving the would-be dictator to be practically dealt with when he makes his *coup d'état.* The immediate problem is to extract some meaning from his carefully cloudy hints about keeping a monopoly of Empire raw materials for British industry. As they read in the reports, they carry the meaning that our Allies, no less than Germany, are to be refused participation in the use of Empire-grown materials, save in so far, perhaps, as those materials may be in excess of British power to work them up.

In a speech delivered shortly afterwards (July 10th) to a meeting called by the British Empire Producers' Association, he is reported to have observed that "exception had been taken in certain quarters to his remarks to the

London Chamber of Commerce, but that in spite of this he ventured to set out once more what ought to be done by way of preparation for peace. It was clear," he said, "that most of those who had criticized his remarks either did not understand them, or, understanding them well enough, seemed [? were] determined for one reason or another to prevent the mass of the people from doing so." Mr. Hughes is here quite too modest. No one can prevent his detonations from reaching the public ear, which is ever open to his utterances. But that some of us should fail to understand him is very natural, in view of his brilliant incapacity to make anything clear save his animosities. And it so happens that the restatement is even further from clearness than the original fulmination.

We want to know *what* policy he desires to see enforced by his ideal

dictator, unshackled by Committees. And by way of explanation we get another harangue, beginning with his oft-repeated proposition that after the war we shall be faced by vast, difficult, and complex problems, and that if we are not "prepared" to deal with them our latter state will be worse than our first. And Mr. Hughes's idea of being "prepared" is, as aforesaid, to lay down *now*, irrevocably, by the fiat of "a man" who shall dispense with Committees, a cast-iron and unalterable "policy" which is somehow to be appropriate to every one of the vast, complex, and difficult problems of the future. Any more insane way of dealing with a mass of complicated future problems it seems impossible to conceive. An unalterable policy, laid down in advance, would be dangerous enough even if schemed by a company of well-informed experts, checking each

other: planned by a single dictator, it would be truly a Paradise of Fools, collapsing at the first touch of experience. Complex and difficult problems of national policy require to be studied with all-round vigilance and deliberation, by many competent minds in patient concert, before any trustworthy scheme can be concluded on; and nothing we have seen of the mind of Mr. Hughes gives the slightest reason for thinking either that he personally is even normally competent to handle such problems or that he could be trusted to name any one who would be. He cannot even conceive the nature of the problem, much less the solution. With him it is always the same story. We desire clear and concrete statement of the "policy" that it is proposed to force upon the nation in advance, and even in a professed re-statement which is either to remove misunderstandings or

to clear up misrepresentations we get merely one more blast of detonative eloquence :—

This great nation, slowly it may be, but nevertheless most surely, will be pushed from its place among the great nations of the earth, its commerce and trade will shrink, its industrial life wither, the men who have fought so heroically for us will return to a land of industrial stagnation and chaos. To put it plainly, if we win this war and are not organized so that our interests, national and economic, are firmly safeguarded, then we shall clasp nothing in our hands but the empty husks. Political independence and the trappings of greatness will remain for a season, but the kernel of economic greatness will have passed from our hands, and we shall have then, indeed, proved ourselves to be degenerate. Now, although these be strong words, they do not as I see it set out the case too strongly. Upon conditions that will ensure profitable investment for capital, plentiful and regular employment for labour, at good wages and under good industrial conditions, upon the development of the land and other primary resources, the greatness, nay, the very existence, of the Empire and every part of it absolutely rest.

If British men of business in general can with impunity be dosed with twenty times repeated draughts of rodomontade like this, they must indeed have changed during the war, and not for the better, in point of capacity for rational business policy. It had been pointed out to Mr. Hughes that his language about the "open door" was a hopeless confusion of two absolutely different propositions; and this is how the lyre responds:—

I am not here either to uphold or denounce theories or doctrines, but to deal with a position which menaces every citizen of the Empire, which demands immediate action, and which certainly cannot be dealt with by "leaving it alone" and trusting to luck. For if we do not protect our own interests, do we not leave ourselves helpless against those very forces which so nearly overwhelmed us before the war, and which now on the field of battle threaten our national as well as our economic existence? It is not upon us who seek to protect the Empire from its enemies that the onus lies of proving the *status quo* policy a menace to the Empire's

interests, but upon those who seek to persuade Britain to continue that policy of the "open door" of which Emil Zimmermann has said, "Germany's rise depended essentially upon the English policy of the open door." I agree with Herr Zimmermann absolutely, but I cannot understand the attitude of those Britons who want to continue the open-door policy.

So that, let critics do what they will, "open door" is to mean, either at once or alternately both "free exports" and "free imports" in Mr. Hughes's vocabulary. Declaring that he is "not here either to uphold or denounce theories or doctrines," he can, in fact, do nothing *but* reiterate stridently a perfectly absurd theory or doctrine framed to his hand by an abnormally fallacious German. Leaving that muddle, then, as past cure, we can but try once more to discover what he proposes to *do*, on the basis of his cordial agreement with Herr Zimmermann.

The proposition upon which the robust

Prussian and Mr. Hughes are at one may then be taken to be by this time Mr. Hughes's distinctive economic doctrine. It is put once more, with what measure of clearness he can attain, in his speech of July 10th :—

> I think Britain's policy has made modern Germany, or, at all events, that without that policy the admirable organization and training of which Zimmermann speaks would have availed little or nothing. For without certain raw materials no nation can hope to build up great industries, or indeed hold her own in the world. Well, the Empire has these raw materials. The question I put to you and the people of Britain is, For whose benefit shall we use them, for our own or for that of our enemy ?

Taking the term in the Zimmermann-Hughes double sense, the thesis is that modern Germany grew industrially great because Britain allowed her to buy raw materials anywhere in the Empire, and sell her manufactures in Great Britain —both of those proceedings being con-

noted for Mr. Hughes by the phrase "the open door." And, by necessary implication, Herr Zimmermann and Mr. Hughes affirm that Britain could and should have prevented Germany from getting those raw materials.

In this masterpiece of nonsense, madder than anything ever achieved by the Mad Hatter in other years, there is just one glimmer of reason. It had evidently occurred even to Mr. Hughes that, since precisely the same opportunities were offered to every other industrial nation as were offered to Germany, it cannot have been those opportunities that "made" Germany. So he inserts a reference to "the admirable organization and training of which Herr Zimmermann speaks," by way of admitting that something more than the "opportunities" was needed; though in Mr. Hughes's opinion the organization without the opportunities

would have availed nothing. This, then, is the economic doctrine which Mr. Hughes, enlightened by Herr Zimmermann, has added to the armoury of tariffism. Formerly, the simple tariffist creed and doctrine was that German industry had been "made" by tariffs. Rational observers pointed out that tariffs, on that view, ought equally to have "made" France and Russia, and all the other European countries which were equally tariffed. The Mad Hatter replied, "Shibboleth!" but a few of his colleagues bethought them of admitting that "organization and training" counted for something. Mr. Hughes, taught by the robust Zimmermann, now reveals that neither tariffs nor organization could have availed had not blind Britain, the slave of *laissez-faire*, "permitted" Germany to buy raw materials within the British Empire.

It particularly behoves Australians to

realize the meaning and bearing of Mr. Hughes's doctrine. Among the raw materials which Australia used to sell to Germany, the most important is wool. We in Britain, Mr. Hughes explains, were fools to allow the Australians to do so. We ought to have forbidden it, since the transaction helped to "make" Germany. Mr. Hughes, be it observed, never before the war uttered the faintest hint, either that Australia should refuse to sell wool to Germany or that Britain should order Australia to refuse. And our imagination strives to grapple with the questions, What would Australia have said if Mr. Hughes had suggested it? and What would Mr. Hughes have said if Britain had ordered him, as Prime Minister of Australia, to carry out such a policy?

It is over such a concrete question as this that we begin to realize what kind of strategist we are really dealing

with in Mr. Hughes. Catering by claptrap for popular support in Britain, he denounces as a sample of British *laissez-faire* the abstention in the past from a policy which, had Britain proposed it, he would himself have denounced with every resource of his talking apparatus; which, in fact, by its mere enunciation, would have meant the absolute rupture of every political tie between Australia and the Mother Country. In a word, had Britain in the past proposed to do what Mr. Hughes now declares she ought to have done, there would have been a revolt of the Australian colonies, in which Mr. Hughes would have been prompt and proud to figure as the Australian Washington. And this is the politician who now advises us how we ought to shape our national policy, or rather, how we ought to entrust it to a dictator of his choosing.

Notable as is the chicanery of the proceeding, it is transcended by the absurdity of it. The entire argument proceeds on the assumption, derived by Mr. Hughes from Herr Zimmermann, that Britain *could* have prevented Germany from obtaining raw materials within the British Empire, provided at least that the Dominions assented to the policy of veto. Now, no man possessing an elementary knowledge of the nature of international trade would dream of suggesting that the thing could ever have been done in time of peace. The raw materials of the British Empire, as of the other parts of the earth, were traded in by all the industrial nations of Europe as well as by Germany; and in order to prevent Germany from getting them it would have been necessary to prevent other European States from getting them. If that were not done, she could and would have

bought Australian wool through France, Spain, Italy, Switzerland, Holland, or any of the Scandinavian States. Holland, alone, could have done the business for her. And to prevent Holland or any other State from acting as Germany's middleman, Australia would have had to treat Holland and every other European country, in time of peace, as Britain has treated Neutrals in time of war.

It ought to be unnecessary to point out to Australians, who certainly never dreamt of any such policy in peace-time, what it would have meant to their trade. With irritating obstacles put in the way of their trade in wool with all other European States, and with an absolute veto on the right of European purchasers to sell in other markets, the prices for Australian produce would have been fixed by the British demand alone, and their wool

values would have fallen accordingly. Any business man, facing the business proposition, knows that this would have been so. In other words, words made familiar by Mr. Hughes, Australia would have been placed in economic vassalage to Britain as regarded her wool produce, or any other produce which she allowed to be so treated. And that is the economic policy which, Mr. Hughes now tells us, we ought to have imposed on Australia in the past.

But the matter does not end there. All Mr. Hughes's detonations against *laissez-faire* are by way of scaring the British people into a "policy" for the future. If there is any grain of meaning in Mr. Hughes's words, he is urging that after the war all portions of the British Empire should withhold all raw materials from Germany in particular, and in general from all other nations, save and until the whole British

requirement has been fully met. It is a pleasant hearing for our Allies, to begin with. It is all very well for them to be our comrades-in-arms in the great struggle; but as soon as that is over they must look out for themselves, and we shall proceed vigorously to reserve "our" raw materials for "ourselves." At best, they can hope to get "our" leavings, always provided that they undertake to pass on no part of their purchases to Germany. As for the Neutrals, their sole chance will be to come in after the Allies, under the same condition of selling no raw material to Germany.

One cannot but pause for a moment to reflect on the inconceivable imbecility of such a threat to the civilized world. The most nearly self-sufficing State on the planet is the United States. Upon her we depend for the bulk of our raw cotton, to say nothing

of tobacco and other staples. If we are to be guided by the delirious oratory of Mr. Hughes, we shall tell the United States that as soon as the war is over we shall withhold from her any entrance as a purchaser of raw materials into the markets of the British Empire, leaving her to resort to such reprisals as she may see fit to take. The same message will be sent to reorganized Russia, to France, to Belgium, to Italy, and to all the Neutral countries. It seems doubtful whether even the hilarious schoolboys of the *Morning Post* would propose to face the prospect.

But the full flavour of the farce can be best appreciated by the people of Australia. Whether by way of a British edict, given forth by "a man" disembarrassed of parliamentary or other Committees, or by legislation to be carried through the Commonwealth Par-

liament by such experts as Mr. Hughes, Australia, in Mr. Hughes's dream, is absolutely to close her raw produce markets to Germany. To give effect to that policy, she must not sell her produce to any other country save upon an absolute guarantee that none of it shall under any circumstances go to Germany; and even upon such a guarantee no foreign nation, whether Ally or Neutral, must be allowed to purchase until the entire British demand has been met. How prices for Australian wool would go under those circumstances we have already realized.

Such a policy has actually been imposed upon British West Africa by an edict given out by Mr. Bonar Law in 1916. The staple native produce, the raw material of vegetable oils and fats, is made saleable only to British buyers, with the instant result of lowering the prices obtainable by the native seller.

A spirit of sedition such as never before existed in those territories has been the natural result of this iniquitous and impolitic procedure, the sole effect of which, as regards British trade, has been to put extra profits in the pockets of those to whom the unjust and indefensible monopoly has been granted. Even to Mr. Bonar Law, driven on by the tariffists behind him, it could not possibly have occurred to dream of imposing the shadow of such a tyranny upon a British self-governing Dominion. No man who has ever held office in a British Government during the past hundred and fifty years could have imagined it in his cups. The very schoolboys of the *Morning Post* who are to Macaulay's schoolboy as happy little Eskimos, know better than to dream of such a thing. But the suggestion that such a policy shall be somehow imposed on Australia, whether

by "a man" or by an Imperial Cabinet shaping in advance an unalterable fiscal policy for the entire British Empire, is reiteratively urged upon the British people in the middle of the war, with all the resources of his windmill eloquence, by the Prime Minister of the Australian Commonwealth.

It is just possible that behind the plan which Mr. Hughes thus outlines there may be another. It may be that, on the lines of the "control" policy necessarily adopted during the war, he hopes to arrange that the price to be paid for Australian wool by British buyers after the war shall be fixed by the two Governments in concert, so as to secure a good profit to the Australian producers. Such a policy, which might at any moment compel British buyers to pay more for their wool than is paid by their competitors in other markets, would be as

dangerous to British trade as the policy actually outlined would be to Australian sellers, and would therefore be just as objectionable. But, as the case stands, no such policy is proposed. We must judge Mr. Hughes by the proposal he lays down, which would operate in the manner above described.

What the Labour Party in Australia think of it all, they may be left to say. Their relations with Mr. Hughes are somewhat complicated; and it is not for British politicians to meddle in their business as Mr. Hughes meddles in ours. Of what the producers of raw material in Australia are likely to think about his policy we have ventured to frame a forecast. His relations with them are as obvious as his relations with the manufacturers. By his policy of tariffs, especially on British goods, he has served alike the pecuniary interests of Australian manufacturers and

the supposed interests of Australian Labour, at the expense of the classes who sell raw produce of all kinds, and who must pay extra for all manufactured goods in respect of which there is Australian competition with British and foreign imports.

To the agricultural class in general he now offers the additional prospect above outlined. Taxed already in the interest of the manufacturers, they are invited by him to acquiesce in a policy which will depress as far as may be the price of the produce they export, by limiting as far as possible the competition to secure it. And the prospect has additional piquancy from the fact that the British buyers who would have the pick of their produce, to the exclusion of all foreign competition, would be free to sell in foreign markets the wool which Australians would be prevented from selling to foreigners in their own.

For in the event of British buyers finding that in any year they had bought Australian wool in excess of the British manufacturing demand, no British Government would dream of prohibiting them from re-selling the excess quantity in foreign markets as they have done in the past. Of course, the "man" of Mr. Hughes's dream would prohibit them from selling to Germany, and might be capable of proposing that they should sell to other foreign countries only under a guarantee that the stuff should not go to Germany.

In that case—as indeed in the case of permitted sales by Australia to foreign non-German countries after the British demand had been met—there would take place the economic comedy of the foreign purchaser keeping the Australian wool for his own use, and releasing for Germany the wool of other countries, which he would otherwise have used

at home. "Business men facing a business proposition," free from the intoxication of Mr. Hughes's detonating eloquence, know how such things can be done. And the business men of Australia are invited to contemplate that pleasing chain of possibilities.

Such contemplation is, perhaps, as far as we need go in considering the consequences and contingencies of Mr. Hughes's so-called "policy" in regard to raw materials, seeing how little he has succeeded in revealing it. Those who desire to reflect further before sweeping him and his policy aside may ask themselves how the other wool-producing countries of the world are likely to comport themselves after the wool-producers of Australia have been put in economic vassalage as Mr. Hughes proposes. Sheep, it may be suggested, are bred in Argentina, in the United States, and even in most countries of

Europe; and the civilized world, dictated to by British Imperialism on the lines so naïvely laid down by Mr. Hughes, may be deemed capable of ultimately doing without the wool of Australia, which, after all, is a comparatively precarious supply, in respect of recurring dry seasons.

But perhaps more than enough has already been said to indicate that the "policy" of Mr. Hughes, crazy as it is from the point of view of the international interests of Britain, is the fine flower of perversity from the point of view of agriculture in Australia. What remains to be noted is that, while the real character and necessary operation of his policy are as above set forth, Mr. Hughes, with that courage in camouflage which distinguishes him from his accomplices, professes all the time to be simply urging British traders to secure by his "policy" a supply of

Australian wool which otherwise they would lose. This is how the matter is put in the speech of August 28, 1918, to the Manchester Chamber of Commerce —a discourse imaginatively entitled by the *Morning Post* "Mr. Hughes's Reply to his Critics":—

It has been said that I have no business to interfere with domestic matters. Nor have I. But this is not a domestic matter. What is the basis of industry here? It is access to and control over an adequate supply of raw materials. Now it takes two people to make a bargain. From whom are you going to get your wool? Supposing Australia said, You were so long in making up your mind we have sold our wool to somebody else. What would be the position of Yorkshire? Then Australia possesses many raw materials that Britain must have. *Do you think you can have an option over the goods of the people of Australia which you can exercise or not as you please? You are too good business men to believe that anything of the sort is possible.* I say emphatically it is a business proposition, and must be dealt with in a business way. When you go to your office you do whatever is necessary to be done to promote the welfare of your firm.

Why should not the business of England be dealt with as you deal with your own business?

The passages italicized are especially entertaining. In the past, British traders have bought Australian wool in the Australian market like other people, paying the price settled by the competition of buyers in general. There is absolutely nothing to prevent their doing so in future, to the general advantage of the Australian wool producer. As Mr. Hughes points out with supererogatory care, they could not possibly suppose that they had an option on Australian wool. And now he, in the very act of proposing a "policy" which is to give them such an option, to the manifest disadvantage of the Australian producer, professes to believe that such a thing is impossible.

It must be left to Australians to explain whether Mr. Hughes's real

"policy" is to penalise Australian wool producers for the trouble they have given him in the past; or, further, to set up a machinery which will make Australian wool cheap for the Australian manufacturers by excluding competition as far as possible from the Australian wool-market. The Australian woollen manufacturer, protected by tariffs against foreign manufactured goods, and further enabled to get his wool cheaper than ever before, would be much in debt to Mr. Hughes's "policy" if it were set up. But even if such a policy were one that recommended itself to Australian Labour, it is not one in which the British people can possibly take a hand.

And if it should turn out that Mr. Hughes had hoped (as to this we can only guess) to secure from Britain in exchange for an option over Australian wool a preferential duty on corn or

meat or sugar, we can but tender to him our sympathy, in view of the avowal of Mr. Lloyd George that a policy of taxes on food imports has now become more impossible than ever. *What* gains Mr. Hughes, under those circumstances, can hope to obtain for Australian producers of food and raw material it is impossible to guess. Difficult as it is, then, to believe that an Australian Prime Minister could deliberately plan to penalize Australian wool-producers, we are almost compelled to draw that inference. The only alternative is the inference that Mr. Hughes has no comprehension whatever of the nature of the "policy" he proposes. Of course, that *might* be the explanation.

CHAPTER VIII

MR. HUGHES AS BRITISH TARIFFIST

THE chances are that when Mr. Hughes is expounding Herr Zimmermann on "the open door," his British audience, in so far as it is not reflecting, aghast, on the power of eloquence to popularize nonsense, is thinking of what has hitherto been signified by the phrase in British fiscal dialectic, and inferring that the eloquence is directed to the ultimate end of setting up a British tariff. As a rule, doubtless, they know nothing of Mr. Hughes's exploits in penalizing British manufactures in Australia. But, listening to an orator obviously as patriotic as he is eloquent, and one who, to do him

justice, is now fully alive to the absolute necessity of winning the war in the field (whatever fantasies he may previously have vended about winning it by terrifying Germany with a Tariff Act), the British citizen, especially if he has "in his own natural kind" hankerings after tariffs on imports, may well suppose that Mr. Hughes is at least giving disinterested advice on that line.

And yet Mr. Hughes is as little qualified by his Australian experience to advise Britain on tariff policy as he is by his mental structure to advise us on our international economic policy in regard to Empire raw materials. In Australia, Mr. Hughes was protecting manufacturers concerned mainly if not solely about their home market. What they wanted was to force upon their fellow-countrymen their home manufactures as against cheaper British and other goods. Concerning those British

goods it could hardly be pretended that they were produced by "sweated labour." That is what the ingenuous British tariffist before the war averred of imported German and other goods, produced under those happy conditions of tariff-protection which, according to the tariffist, alone secure high wages to the worker. But the Australian cue, all the same, was to represent that British and German wages were not as high as Australian wages were or ought to be; and that if American wages were still higher, why, American goods must all the same be subjected to a tariff if they were offered in the Australian market cheaper than home-made goods.

Patriotic Australian politicians did, no doubt, demand that Australia should become a great exporter of manufactured goods as well as of raw materials, which was a rather unkind response to Mr. Chamberlain's winning suggestion that they should give a really effective

preference to British manufactures in exchange for his proposed preferential duty on Australian foodstuffs. These happened to be produced, not by Australian manufacturers but by the Australian agriculturists whom they taxed. Still, Australian manufacturers have not thus far become serious competitors with British manufacturers in the other markets of the world; and the chances are that while the present Australian fiscal policy subsists they will not be. So that the home policy of Mr. Hughes has been that of a politician protecting the interests of Australian manufacturers for the purposes of their home markets.

Now, the great staple industries of Britain depend to a very large extent upon their export trade. The case of the cotton trade is one of the most prominent. It depends upon the power to compete effectively, as to price and quality, with all other countries in all

other markets. Here Mr. Hughes's Australian experience, interesting as it is in all its details, furnishes no guidance for Britsh fiscal policy. The happy Australian manufacturer, protected by Mr. Hughes—of course, also in the interest of Australian Labour—is not concerned about his inability to produce as cheaply as the manufacturers of Europe. But the British manufacturer must concern himself about these things; and the British politician, whose business it is to look to all British interests collectively, is bound to ask himself whether even the demand of a British industry for protection can be granted without putting in jeopardy larger British interests, future as well as present, than those of manufacturers short-sightedly seeking only their immediate profit in the home market.

Of late, under the stimulus of war feeling and war eloquence, assiduously employed by the old tariffist interests, there

has been much revival of the demand for an all-round tariff on imported manufactures. Now, as Mr. Balfour long ago urged upon coy supporters of his Ministry, the purpose of all tariffs is to raise prices in the home market; and there always arises the primary problem, How, if these prices are *necessary* to the manufacturer in the home market, can he afford to sell at lower prices—the old prices, say—in the foreign market? And if he cannot, how can he hope to maintain the "manufacturing supremacy" of his country in the foreign markets of the world, against his old competitors?

To do the tariffist manufacturer justice, he is here placed in a rather delicate position. It is quite true, and Free Traders must not hesitate to make the avowal, that when protected at home by a tariff he could afford to, and without doubt often would, sell cheaper in foreign markets than he does at home. Indeed,

Mr. Bonar Law used to urge upon us, as the great merit of a tariff system, that it enabled the protected manufacturer, secured in his home market, to increase greatly his output and sell the excess to foreigners at lower prices than he charged at home. But although Mr. Bonar Law felt this arrangement to be a reason why the British people should impose a tariff upon themselves, the British manufacturer has naturally been a little shy of making use of such a recommendation. For where, exactly, is the advantage to a nation of paying more for its own manufactures than the price at which they are sold to foreigners? When the watchword is, "Make the foreigner pay," it is a distinctly odd outcome to have the foreigner paying less for British goods than we have to pay ourselves—or only forced to pay more by means of his own tariff. It may suit the British manufacturer, but hardly anybody else in Britain.

The truly patriotic course, then, is surely to secure that British goods shall be sold at least as cheaply in Britain as abroad. Now, this is not possible when a tariff is laid on with the express purpose and the necessary effect of raising the home prices of British goods—if at the same time the British manufacturer is to hold his foreign markets by selling there more cheaply. Met by this rather awkward objection, the tariffist falls back on the alternative argument that the protected foreigner, enabled to exact high prices in *his* home market, is able to sell his goods cheaper here than at home. On that score, the patriotic Briton is invited to pay dear for British goods in order that similar British goods may be sold cheap in the protected market of the foreigner, paying a revenue in the shape of a tariff to the foreigner's Government.

But it is only to minds cast in the mould of that of Mr. Hughes that this

reasoning can give satisfaction. For the moment the British manufacturer is found seriously to undersell the foreigner in the foreigner's own market, the foreigner proceeds—or at least tries—to raise his own tariff. If, then, the British manufacturer had a tariff to play with, he would feel it absolutely necessary to raise our tariff in turn. And when any two countries enter upon this game of "beggar my neighbour," the only possible progression is that of a tariff war, in which the combatants, each going beyond the other's last stroke, ruin their own trade on the special lines involved, while other countries reap the sole profit. Such has been the history of every tariff war in the past.

There is absolutely no chance, then, for the industry of Britain as a whole on the lines of tariffism. Its prosperity for over half a century has been the result of its freedom from tariffs. That, and that

alone, has at once kept it efficient and enabled it to meet the competition of countries with greater natural advantages. Latter-day Germany, applying a British invention, the Gilchrist-Thomas process, to those of her iron ores which were previously unworkable, has come into possession of far greater iron resources than ours. That, and not her tariff system, any more than her access to the raw materials of the rest of the world, which were equally accessible to her rivals, has been the main basis of her special industrial progress in the past thirty years. "Organization and training" certainly count for a great deal; and it is most true that we need to look to ourselves in these regards. But tariffism is not training, and imperialism is not organization. Tariffs in Britain would simply be as crutches for industry to lean upon, whereas what industry needs is the better use of its muscles

and limbs, the fuller realization of its possibilities.

No tariff can possibly heighten the efficiency of the British iron and steel trades as against a German competition advantaged by the possession of larger iron resources. To set down German developments to the tariff rather than to the possession of the ores is one of the stereotyped follies of English tariffism. If the tariff is the determining factor, why did not the French tariff produce equal results? If tariff *plus* organization be the secret, and organization were lacking in France, how is the tariff to produce the requisite organization in Britain? Will any amount of organization *plus* tariff get out of the soil iron that is not there?

The progress in the present century of all the great British staple industries —cottons, woollens, iron and steel, engineering, and shipbuilding—is the proof

that British industry can without tariffs more than hold its own against the most strenuous competition of tariffed countries with far greater populations, and, in many respects, far greater resources. Had the trade figures of 1913 been reached under a Chamberlain tariff, the advocates of that tariff would have claimed them as an overwhelming proof of its efficacy. Alike in the home market and in the export trade, our production had reached the highest pitch ever attained by it.

In those circumstances, it requires all the courage of Mr. Hughes to repeat as unfalteringly as he does his tune concerning the necessity of protecting the home market. The fact that he never pays the slightest attention to trade statistics cannot alter the other fact that in 1913 our output was unprecedentedly high. If it were true, as he alleges, that we were being driven

out of our own home market, we must have more than made good that loss by multiplying our sales in all other markets; and as those markets are in many cases protected, we reach the pleasing conclusion that every country, tariffed and untariffed alike, was habitually undersold in its own markets. Thus resounds the lyre, in the Manchester speech last cited :—

> I want you to consider whether it is not a good thing to *secure an adequate supply of raw material and control the home market.* The home market is the best market in the world, but who had the home market before the war? You had some of it, *but a great deal too much of it went to other people.* If you are going to compete in the markets of the world, the best assistance you can have is the guarantee that you will have your own market to start with. If you had that you would go out doubly armed. As it is now you are going out to compete with *men who have already cut their losses, because they control their own market.*

So that, with (by implication) an inadequate supply of raw material, we must

have reached our record figures by exporting to foreign countries what we were prevented by foreign competition from selling in our own market. And, all the time, the foreign competitor is alleged to have made himself master of all foreign markets by securing himself in his own.

Still more noteworthy, however, is Mr. Hughes's naïve avowal that the foreign competitor made "losses" in foreign markets, and that he "cut his losses" by bleeding his tariffed fellow-countrymen. Mr. Hughes's tariff policy for Britain, then, on his own showing, is to enable the British manufacturer to bleed his fellow-countrymen in order to be able to sell at a loss abroad. In vain, surely, is such a net spread in the sight of the British bird, whatever may have been Mr. Hughes's strategic successes with the Australian kangaroo. Britain cannot afford, after the war, to adopt a policy of financial recuperation

which consists in taking in its own washing. British trade is in a decisive degree a foreign export trade, here differing fundamentally from the trade upon which Mr. Hughes performs his exploits in Australia. It cannot afford to trade abroad at a loss on the basis of profiteering at home.

If we could believe the *Morning Post*, Manchester is determined to take Mr. Hughes's advice, and to clinch things in advance, as he proposes, by setting up a tariff now, securing for ever the prosperity of the cotton trade by raising prices in the home market, where before it defied competition by sheer cheapness, and enabling it to face with equanimity its ensuing losses abroad. Such losses it would certainly incur; and as the export trade in cottons is much greater than the home trade, though Mr. Hughes appears to be as unaware of that fact as he is of all others relevant

to the problem, the amount of the tariff required to "cut the losses" may be calculated with some approach to precision.

Still, we may venture to doubt whether Lancashire will go mad even if the temporary majority in the Manchester Chamber of Commerce is so affected. "The Manchester School" used to supply a name for a theory of international trade which was much discussed. It may have been at some points imperfect in its outlook. But no enemy ever suggested that its theory of trade, resulting as it did in at least making Manchester one of the great centres of English trade and wealth, amounted to simple economic lunacy. And even the lyre of Mr. Hughes can hardly achieve the Orphic feat of making Lancashire dance to his tune behind the *coryphæi* who secured a majority in the Manchester Chamber of Commerce in 1916. If

it did, Mr. Hughes would one day be in danger of the legendary fate of Orpheus.

In some moods, even Mr. Hughes evidently feels that his comic-opera policy is a precarious form of appeal to the British people; and he is then careful to vary it by playing on the string of "Boycott the Hun." That, doubtless, will long be popular, especially when the general proposition is untrammelled by any attempt at detail. A professed scheme to keep out German goods is naturally popular where nobody wants to buy them. The average citizen, cordially acquiescing in the sentiment, does not as a rule reflect that Mr. Hughes's "policy" is never limited to the proposition with which he introduces and baits it. That is Mr. Hughes's form of the confidence trick. "Of course," he says in effect to the confiding Britisher, "you want to keep out German goods"; and thereupon he pro-

ceeds to seek assent to a policy of keeping out all foreign goods.

In the speech of July 10th he calls attention to the fact that in the treaty of Brest-Litovsk Germany stipulates not only for the unrestrained export of raw materials from Russia to Germany, but for the reception of German goods by Russia on most-favoured-nation terms. And then we have this homily :—

> It is surely remarkable that there are men in Britain to-day advocating the same policy for the Empire as was thrust upon defeated and humiliated Russia. If the application of that policy by force of arms is the German interpretation of triumphant victory, in what light shall we regard it ? As something to be desired ? To Germany it means victory. What, then, can it mean to Britain ?

The ingenuous listener naturally concludes that it is the object of Mr. Hughes to keep German goods out of Britain, and that the object of the wicked Free Traders is to get them in ;

whereas the simple fact is that Mr. Hughes and his accomplices want to refuse most-favoured-nation treatment to the goods of *Allies* no less than to those of Germany, merely putting a heavier duty on German than on Ally or Neutral goods. True, Mr. Hughes hastily proceeds to confuse the listener by the allegation : "*I am not now preaching a tariff, but organization*" ; but then that is only the machinery of the confidence trick. Mr. Hughes's gifts of prevarication, which would earn for him high distinction in the service of Germany, are unhappily thrown away in his present enterprise ; for the troublesome truth that he *is* "preaching a tariff" is of necessity kept well to the front by his confederates. Thus, camouflage he never so wisely, we are kept aware that all the catchwords about boycotting the Hun are but the ground-bait for a general tariff, directed against all Allies and Neutrals.

The reader who can really think as a business man facing a business proposition cannot fail soon to see two things. First, there is not the slightest likelihood that for many years to come any great quantity of German goods will be tendered in Britain. The very goods which British traders might be supposed to be most likely to buy, such as dyes, are not only among those which will be most wanted by the Germans for themselves, but are more likely to be withheld than tendered, from sheer desire to frustrate British industrial recuperation. On the other hand, when Germany again has an excess of manufactured goods which she would be willing to sell in Britain, a special tariff on German goods as such would be perfectly useless as a means of excluding them. They would come in as Swiss, Dutch, or Scandinavian goods, certificated as such; and any attempt

to get behind the certificates would only embroil us in disputes with the Neutral countries concerned, with the inevitable result of driving them into ever closer trade relations with Germany.

This aspect of the matter is never once considered by either Mr. Hughes or his British confederates. The latter have avowed that their plan is to let in British Empire goods at the lowest duty, Ally goods at a higher, Neutrals' goods at a higher still, and enemy goods at the highest duty of all. In respect of some goods, it could thus happen that avowedly German goods came in as such, merely paying a high duty, which, of course, would be paid by the British purchaser. But many more German goods could come in, as aforesaid, when once German trade was active, as Neutral produce. And all the time, in respect of the differential duty against Neutral goods in general, genuine

British trade with Neutrals would be injured to an incalculable extent, because Germany, as a matter of course, would offer most-favoured-nation treatment to all the countries to which we refused it. In all likelihood, our very Allies would as a rule receive from Germany better fiscal treatment than we gave them. The results can be readily imagined by any business man who will think on business lines, and not in the mood of a mob hypnotized by Mr. Hughes.

A policy of special taxation of German goods, irrespective of peace terms, might conceivably be formulated and usefully debated. But neither Mr. Hughes nor his confederates will ever commit themselves to that as a definite and circumscribed policy. They know better. They want a general tariff, and they merely employ the anti-German cry as a ground-bait to put the multitude in a tariffist temper. A sane nation will not be so exploited.

CHAPTER IX

SUMMARY AND CONCLUSION

WE have now tracked Mr. Hughes through the main mazes of his tortuous polemic. Absurd in detail and incoherent in scheme to the point of burlesque, it reveals itself as an attempt to entrap the British people by oratorical clap-trap into a double economic policy of commandeering the raw materials of the Empire for British use, and to impose a general tariff on all manufactured imports, with some preference for Imperial produce to the disadvantage of Allies and Neutrals alike.

The nature of that preference is never specified. In the old tariffist scheme, it

was to affect imports of food, food and raw materials forming nearly the whole of our imports from the Dominions. To-day, no one dares explicitly to propose food taxes after the war; Mr. Lloyd George has declared that they are out of the question; and the British agricultural interest is demanding protection against Imperial and foreign food imports alike. So the nature of the Imperial preference is prudently left in the vague; and we can but note that Mr. Hughes may have hopes about Australian sugar, and that Sir Robert Borden appears to count upon subsidized shipping as between Canada and Britain —a device which would assuredly evoke immediate reprisals in the way of subsidies to shipping by the United States. Apparently Mr. Lloyd George and Mr. Bonar Law have nevertheless promised to adopt the policy. It remains to be seen whether the British men of business

will allow them to embark on such a silly undertaking.

Alongside, however, of the express declaration by Mr. Lloyd George that it is out of the question to tax food imports after the war, we find going on a propaganda in which another Dominion Prime Minister, Mr. W. F. Massey, of New Zealand, confidently demands that we shall set up after the war a system of Imperial Preference on the old lines of preferential duties, while expressly repudiating all sympathy with a policy of protection to manufacturers. As New Zealand is less developed than even Australia on the side of manufactures, Mr. Massey must mean duties on food or on raw materials, or on both. Of course he does not give particulars: the new tactic, in which Mr. Massey vies with Mr. Hughes, is to employ "detonating" generalities for purposes of propaganda, and leave all details to the

future. Once the nation is committed to the policy, the details, from the tariffist point of view, will take care of themselves.

Mr. Massey, indeed, allows himself the proposition that "prices to consumers might possibly in a very few instances be slightly (!) raised above pre-war level, but this increase, rightly viewed, would merely be the premium, so to speak, which we, one and all, would pay for our security." [1] This is a comparatively creditable effort to face economic facts; and Mr. Massey is further entitled to recognition as working loyally in the interests of New Zealand, his "we, one and all" being, of course, a description of the inhabitants of Great Britain. It is not New Zealand that will "pay" in the transaction proposed.

In regard to such proposals, those who

[1] Article entitled "Self-Contained" in *Pall Mall Gazette*, September 10, 1918.

study the economic interests of Britain can but say two things: first, that the Preference advocated by Mr. Massey is plainly incompatible with the principle of cheap food and cheap raw materials; and, secondly, that the reasons given by Mr. Massey and others for the paying of a "premium" by Britain for food and raw materials are visibly unsound. In so far as Mr. Massey may be inferred to chime with Mr. Hughes in his theory of raw materials, he is vending a plain economic fallacy; and in so far as he is grounding his appeal on the services rendered to the Mother Country by the Dominions he is merely shutting his eyes to the services rendered by the Allies to each other.

The support of the Dominions we all gratefully acknowledge, feeling with Mr. Massey that it proves "their essential unity" with the Empire. For that very reason we cannot look upon any fiscal

policy as fitly to be adopted by way of "reward" to the Dominions. "Reward" in such a case is unthinkable, either in theory or in practice. On the other hand, our Allies have been equally our comrades-in-arms; and, to say nothing of the unflinching endurance of France, the United States has brought to the Allied cause a support so puissant and so whole-hearted that it might fairly be described as decisive for the Allies' success. To say, then, with Mr. Massey, that as regards commercial policy after the war "our first duty is to our own kith and kin"—putting the United States outside the definition—is to take up a position which to British good feeling is impossible.

Yet the one point clearly held in common by Mr. Hughes and Mr. Massey is just this egotistic view of the needs of British Imperialism. Mr. Hughes in so many words has declared that our policy

is to be "not internationalism, but nationalism." In his customary bi-frontal fashion he accompanies the pronouncement with a profession of a hope that we may remain in close alliance with our Allies; but that is visibly lip-service to a principle flouted by his plans. Whether or not he looks forward to collaboration with Mr. Massey in getting preferential prices in the British market for Dominion produce, he is avowedly with him in proposing to put Empire interests on a preferential footing within the Empire as against those of all other nations, Allies included, thus taking up a position in open antagonism to the plan of a League of Nations for the future safeguarding of the world's peace.

The other side of Mr. Hughes's policy is a general system of tariff protection for British manufacturers. He habitually balks at a plain statement, sometimes avoiding all mention of a tariff, some-

times pretending that he is "not preaching" that plan; but between times he keeps up a polemic which means that or nothing.

Both the tariff and the commandeering of Empire raw materials are by him habitually baited with a pretence of punishing Germany. The pretence is camouflage of a very elementary order. All the time the argument calls for a reservation of Empire raw materials for the British manufacturer, as against Allies and Neutrals no less than as against Germany. Equally, the demand for a securing of the home markets means a tariff upon all manufactured imports, those of Allies and Neutrals included.

In this two-sided scheme there is one unifying principle, the aggrandizement of the manufacturing interests, Australian and British, with which Mr. Hughes is in alliance. Incredible as it may seem

that an Australian Prime Minister would plan to depress the price of Australian wool even in the interest of Australian manufacturers, that is the only interpretation which makes his plan intelligible. Such would certainly be its effect. By excluding foreign competition from the Australian wool market, it would infallibly depress the price of Australian wool to the advantage of the British and the Australian manufacturer alike.

If Mr. Hughes has no such object, his plan is simply a masterpiece of folly, the product of patriotic enthusiasm unenlightened by a gleam of economic intelligence. Its effect would be, besides inflicting an intolerable injustice on Australian wool-producers, to antagonize every Allied and Neutral nation in the world, with the most disastrous results in the way of economic reprisals.

If, on the other hand, it were modified to the extent of excluding only Germany

from the Australian wool-market, leaving Allies and Neutrals to buy freely in competition with British traders, the result would merely be that Germany would obtain Australian wool through other countries. Even if they were to give a guarantee that it would not reach her, they would be enabled to release, for sale to her, other wool supplies. The scheme is a chimera, under any modifications.

On the other hand, the scheme of a general British tariff, always foolish, becomes newly ridiculous in the hands of Mr. Hughes. Outgoing the oblivious logic of Mr. Bonar Law, he avows that the manufacturer seeks a tariff to "cut his losses" in foreign markets at the expense of his plundered fellow-countrymen. The British people is not going to put its head in that ingenuously exhibited noose. British trade must make profits, and not losses, in foreign

markets. Britain has become the richest of European States by making profits on its foreign trade, while its rivals, by Mr. Hughes's confession, have found an illusory comfort in extracting profits at home and selling abroad at chronic loss. The relative financial positions of Britain and the other European belligerents in the war testify to the national results.

When he feels that he has for the moment exhausted the dialectic possibilities of the theory that Germany grew rich on British Empire raw materials, and the still more elusive theory that she grew rich by selling at a loss in British markets, Mr. Hughes falls back on the more familiar pretexts that for lack of a tariff British workmen were more or less constantly unemployed by reason of imports of foreign manufactures. The British people, after ten years of debate on Tariff Reform, are apprised of the fact that British wages

were all the time the highest in Europe; that the imported goods so much complained of were declared to be the work of "sweated labour"; and that unemployment in Britain was invariably to be traced to industrial collapses beginning in tariffed countries.

Thus, when not under the spell of Mr. Hughes's peculiar eloquence, the British people are able to reflect that his pictures of demobilized British workmen finding no work to do after the war by reason of imports of foreign manufactures are so much oratorical moonshine. After the war, there will be arrears of work to do in Britain, in the way of building, shipbuilding, and engineering alone, which will mean a demand for labour never before known; and as all the other leading industrial nations are as much behindhand as we in the normal manufacture of textiles, the influx of foreign goods against which

we are adjured to protect ourselves is just another chimera.

The one serious danger is that the British people may be led by such blind guides to insist blindly on an impossible policy which, aiming at the use of "economic weapons" after the war, will make a Good Peace impossible. The decisive reason for carrying on the war to a decisive victory is that if Germany be not forced to disarm—a thing to which her rulers will never consent save under the compulsion of defeat—there can be no security for future peace; and the world will remain inevitably committed to a policy of universal armament, precisely when disarmament is necessary for recuperation. Conscription after the war will be as deadly a burden to Germany as to the other belligerents; but if the German military caste can maintain it, as they are determined to do, all the rest of us must do likewise. A Disarmament Peace, then, is all-essential.

But if Germany is informed beforehand that even after disarmament she will be refused access to the raw materials of the world, her rulers have the very pretext they require for continuing the war to the last gasp. Industrial Germany, which might even welcome disarmament as a means for peace, will under those conditions have no motive for seeking peace, but will, on the contrary, be under an irresistible compulsion to carry on the war so long as strength remains to hold a trench. Victory under these circumstances is to be obtained only by carrying on warfare through Germany to Berlin in the fashion in which for four years it has been carried on in France and Flanders.

This is the kind of peace policy proposed by Mr. Hughes, and any thinking man can calculate for himself what it must mean in prolongation of the war. Always insisting that economic policy and war policy are interconnected, he schemes an economic

policy which not only has no rational connection with war policy, but deflects that in the most disastrous way. It is the less necessary to argue the matter further, because it is certain that the Government of the United States, unless it renounces the declarations of President Wilson, will never consent to a policy of which the avowed aim is to make it impossible even for a disarmed Germany to resume industrial life with any hope of prosperity. The danger is that the rodomontade of Mr. Hughes and his coadjutors in the British press may set the British people in dangerous conflict at once with common-sense and the declared policy of our greatest Ally.

It is the business of every sane patriot, then, to set his face against the hallucinations of Mr. Hughes. The one real security against German domination and German militarism in the future is a Disarmament Peace and a League of Nations to maintain

it. To secure such a Peace, and make possible such a League, as distinguished from a continued military alliance of Entente belligerents, there must be left open to Germany a rational basis of peace, with a hope for the future. Otherwise Germany must perforce fight until she is wholly destroyed; and when that is accomplished there will not be much of European civilization left.

The threefold folly of Mr. Hughes has consisted in first arguing that an announcement of the *intention* to ruin Germany after the war would induce her to seek peace; then in proposing to set up the required machinery during the war by way of "preparing" for peace; and all the time in failing to see that the policy he prescribes is impossible.

One use, and one use only, can ever conceivably be made of his "economic weapon," and that is *as a weapon of the League of Nations against Germany or any*

other Power that may seek to commit aggression in defiance of the League. In such a case, it will be for the nations of the League to suspend all supplies to the aggressor. But that will mean, not the offensive policy of self-seeking British Imperialism expounded by Mr. Hughes, but a truly international policy, in which the civilized world will co-operate in the cause of Peace.

So used, the "economic weapon" would be a safeguard to civilization. The lop-sided "weapon" of Mr. Hughes would be simply a bad boomerang, calculated to destroy him who used it. It would recoil first upon Australia, and then upon the British Empire. Every State in the world would be arrayed against us in a new economic war, in which we should incur the ruin we sought to inflict.

"Organization" is another matter altogether. There cannot be too much of that, if it be true and good organization.

Such organization will mean enterprise in the development and economy in the use of all industrial resources and in all forms of distribution. In such organization we, with our individualistic industry, have doubtless much to learn. But Mr. Hughes appears to be the last man in the Empire to guide us in that matter.

As for the few industries which it may be necessary to safeguard, not against the competition of German products in our markets, but against the acquired German superiority which would leave us behind in our competition with Germany, they are to be sustained, not by tariffs, the withdrawal of which would be found wellnigh impossible, but by subsidies, which can be withdrawn in due time. The danger is, not that Germany after the war will flood us with her dyes, but that she might supply herself and Neutrals with better or cheaper dyes than ours. At the outset she will have no stocks wherewith to flood any

market; and it is the business of our State-aided dye industry to keep pace with her in her recuperation. But to set up a tariff against dyes from any other country, thereby making dyes dearer in Britain than they are elsewhere, would be to ensure the defeat of our textile industries in world competition.

In a word, the true trade policy of Britain after the war is as clearly laid out by common-sense and economic science as it was before the war, when it brought Britain to her highest pitch of industrial activity, and to the largest accumulation of national wealth in proportion to population that has yet existed in the world. The reversal of that policy at the behest of such a thinker as Mr. Hughes, devoid alike of economic knowledge and of political judgment, would be an act of political suicide.

If he is not the simple instrument of the profiteering manufacturing interests in

Australia and Britain, which alone could profit by the courses he prescribes, he is a mere irrational rhetorician, building Fool's Paradises with words for those fitted to inhabit such structures. His theory of past German economic evolution is a chimera, made in Germany; and his scheme for the future of British industry is a veritable dream of Alnaschar, his great prototype.

POSTSCRIPT

SINCE these pages were put in type, there has been forthcoming from Australia a quantity of press comments on Mr. Hughes's British campaign, much of it reflecting upon him with greater severity than has been shown by any British critic. He is described as, among other things, the tool of the British landlords and the capitalist press; and it is pointed out that such invective as he habitually uses against British Free Traders would not be tolerated for a moment in Australia, even by Free Traders, if employed by a British politician there against Australian tariffism.

But of more practical importance than any of these comments is the following

extract from the Sydney *Daily Telegraph* of August 19, 1918 :—

MR. HUGHES AND PREFERENCE.

Ex-Senator Pulsford writes :—

In view of the attitude and activity of Mr. Hughes in England in regard to tariff preference and the urgency with which he demands attention, it is worth while recalling the reply given, May 17, 1916, in the House of Representatives, by Mr. Tudor, the Minister at the time for Trade and Customs in Mr. Hughes's Cabinet, to a question as to the progress of negotiations between Australia and Canada, and between Australia and New Zealand, in regard to reciprocal tariff arrangements.

Mr. Tudor replied : " Negotiations with the Dominions mentioned . . . were suspended shortly after the outbreak of the war, and it is unlikely that they will be resumed until the war terminates." Clearly Canada, Australia and New Zealand all took advantage of the war, not to push, but to stop, the consideration of preference between them, though they had been then talking about its benefits for two and twenty years.

Mr. Hughes seems to have avoided warning the people of England about the difficulty of bargaining between protective countries, as illustrated by this

Australian failure. He ought not, however, to avoid explaining why England should, because of and during the war, rush into a preference scheme, whilst, because of and during the war, he had put an end in Australia to even the consideration of preference between Australia and Canada and between Australia and New Zealand.

It thus appears that Mr. Hughes has been adjuring the British public, in 1916 and 1918, to set up a policy of Imperial Preference in the Mother Country after he had, as Australian Minister, deliberately abandoned all negotiations for preferential duties as between Australia and the other self-governing Dominions, though they, having tariffs already, were under no such difficulties as would face Britain in the task of creating a tariff system.

Mr. Hughes is thus revealed as scheming to entangle Great Britain in a policy which he would not himself employ, demanding that she shall commit herself to tariffism and preference during the war, while he had in effect refused to carry on Australian

negotiations of the kind so long as the war lasted.

In a recent speech at Aberdeen Mr. Hughes is reported to have said that "after the war we shall have no use for Pacifists, Bolshevists, or Free Traders." No rejoinder is now necessary from Free Traders beyond amending the phrase to make it read: "We have no use for Pacifists, Bolshevists, or Hugheses."

October, 1918.

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